

Montana Food Distribution Study

Challenges and Opportunities for Grocers in Rural and Tribal Communities

**Montana Cooperative Development Center,
Native American Development Corporation,
and
National Center for Appropriate Technology**

Funded by USDA – Socially Disadvantaged Groups Grant

November 2020

**Prepared by Native Ways Today LLC
Linda Howard & Mariah Gladstone**
on behalf of the National Center for Appropriate Technology

TABLE OF CONTENTS

	Page
Introduction.....	3
Partners and Objectives.....	4
Methodology and Evaluation Criteria.....	4
Survey Results.....	6
Overview of Grocery Distribution in Montana.....	6
Major Distributors.....	6
Mid-size Distributors.....	8
Small Regional Distributors.....	9
Direct Store Delivery Distributors.....	9
Jobbers.....	10
Demographics of Respondents.....	10
Local Food Sales.....	10
Fair Pricing from Suppliers.....	11
Minimum Purchasing Requirements.....	11
Delivery Schedules.....	11
Effects of the COVID Pandemic.....	12
Additional Challenges.....	13
Increasing Competition.....	13
Labor Shortage.....	13
Construction Costs.....	14
Bank Card Fees.....	14
Inability to Retire.....	14
Market Basket Survey Results.....	15
Montana’s Indian Reservations.....	16
Blackfeet.....	17
Crow.....	18
Flathead.....	20
Fort Belknap.....	21
Fort Peck.....	22
Northern Cheyenne.....	23
Rocky Boy’s.....	24
Proposed Solutions.....	26
Conclusion.....	31
Appendix A – Grocery Store Survey Questions.....	32
Appendix B – Market Basket Survey Items.....	36
Appendix C – Market Basket Survey Summary.....	37
Appendix D – Montana and Reservation Demographics	41

Introduction

Access to a local grocery store is one of the primary concerns for many Montana communities. Rural areas depend on small, often locally-owned, stores for their shopping needs, making them essential to the economy and health of the region.

Grocery stores are often the economic engines and social centers of rural Montana communities. They are also the primary source of nutritious food in small towns, but the cost of “last mile” transportation and lower buying volumes make it difficult for independently-owned grocery stores in sparsely populated areas to keep prices competitive with chain stores in larger communities. To retain customers, many small stores are operating on razor-thin profit margins. Others have been forced to close.

Loss of a rural grocery can harm a community’s business sector as more money leaves the community. Young families without the means or time to travel long distances for groceries may flee rural areas in favor of more urban centers, causing brain drain and labor shortages in rural towns.

In addition to being one of the most rural states in America, Montana is home to seven Indian Reservations with their own federally-recognized tribal governments, and Native peoples comprising about seven percent (7%) of the state’s population. On Montana Indian reservations, the food access issue compounds with poverty level and COVID-19 related restrictions. While sufficient personal transportation enables individuals to leave a reservation and access more affordable groceries, it requires time and vehicle expense, and puts them at greater risk of COVID-19 exposure at the present time.

Without a nearby store, an area may be classified as what the United States Department of Agriculture (USDA) has termed a “food desert,” or a region that lacks access to healthy, whole foods. When consumers face serious food access challenges, they often rely on cheaper, more preservative-filled, and consequently less healthy food as part of their diet. The USDA has documented there is a higher incidence of obesity and diabetes in food deserts. This report examines some of the causes of food deserts on Montana reservations, including nutritional redlining, high start-up costs, transportation challenges, and lack of competition.

Given these possible economic, cultural, and health outcomes, the Montana Cooperative Development Center (MCDC) sought to examine the overall state of independent grocery stores on, near, and in route to Montana’s seven reservations and search for solutions that could enhance the viability and sustainability of those stores. This report highlights the results of a study, conducted July through November 2020, of rural grocery stores located throughout Montana.

Partners and Objectives

With funding from USDA's Socially Disadvantaged Groups Grant (SDGG), MCDC originally partnered with the Native American Development Corporation (NADC) to conduct a survey of retail food stores in and near tribal communities. NADC contracted with Partnership With Native Americans (PWNA) to perform the survey and analysis. Before the study could commence, however, the COVID-19 pandemic began to severely impact several Indian Reservations. PWNA's focus and energy shifted to providing emergency response efforts for the Navajo Nation and other tribes, which forced them to withdraw from this project.

While NADC has remained on board in an advisory role, the National Center for Appropriate Technology (NCAT) assumed the task of conducting the study. Established in 1976, NCAT is a national nonprofit with a mission of helping people build resilient communities through local and sustainable solutions that reduce poverty, strengthen self-reliance, and protect natural resources. NCAT currently serves Latinx and Hispanic producers and communities in California and Texas, as well as African American, Native, Asian and Latinx communities in Mississippi and Arkansas. In Montana, they have partnered with three tribal nations over the past two years.

These project partners developed the following objectives, which describe this project and anticipated outcomes:

1. Assess existing distribution systems, pricing structures, and supply chain challenges faced by grocery stores in tribal and rural communities, and
2. Identify opportunities and strategies for potential new partnerships, distribution hubs, or other measures which could improve the viability and sustainability of those stores.

Methodology and Evaluation Criteria

A database of independent grocers began with a list of thirty-one (31) stores from MCDC. Subsequently, the research team added to that list with internet research and their own personal knowledge. The final list included 91 stores throughout Montana. Of those, 39 were targeted because of their location on, near or in route to Indian reservations.

The researchers attempted to contact all stores by email or phone to ask their participation in the survey. The protocol was to attempt to contact the store owner/managers three times before discontinuing contact. Upon successful contact and an affirmative response, surveys were conducted via an online form, phone interview, or in person.

The research team attempted to physically visit as many stores as possible, given time restraints and travel risks of the growing COVID-19 pandemic. At varying times during the research period, Blackfeet, Fort Belknap, Crow and Northern Cheyenne reservations had mandatory stay at home orders, strict quarantines, or curfews, making store visits more challenging. By the conclusion of the study, all reservations were visited by the researchers.

The survey itself, which consisted of 34 questions, was designed as a collaborative effort between MCDC and NCAT. See Appendix A for the store survey.

In addition, the researchers designed a market basket survey. For this endeavor, ten common food items were identified which were likely to be found in the rural stores and which were also likely to be purchased by consumers in tribal and other rural communities. In addition to verifying prices for these ten items in rural stores, the market basket survey was conducted at chain stores in larger cities for comparison. See Appendix B for the market basket survey items.

Of the 39 grocers contacted for the survey, ten did not respond or declined to participate. In total, 29 independent and rural store owners completed the survey for a response rate of 74%. Survey results are from the participating store owners and managers in 29 communities geographically spread from Thompson Falls (18 miles from the Idaho line) to Culbertson (22 miles from North Dakota), and from Babb (10 miles from the Canadian border) to Lodge Grass, (22 miles from Wyoming) -- and many places in between. Prices for the market basket survey were gathered at a total of fifty-one (51) stores from across the state. See Figure 1.

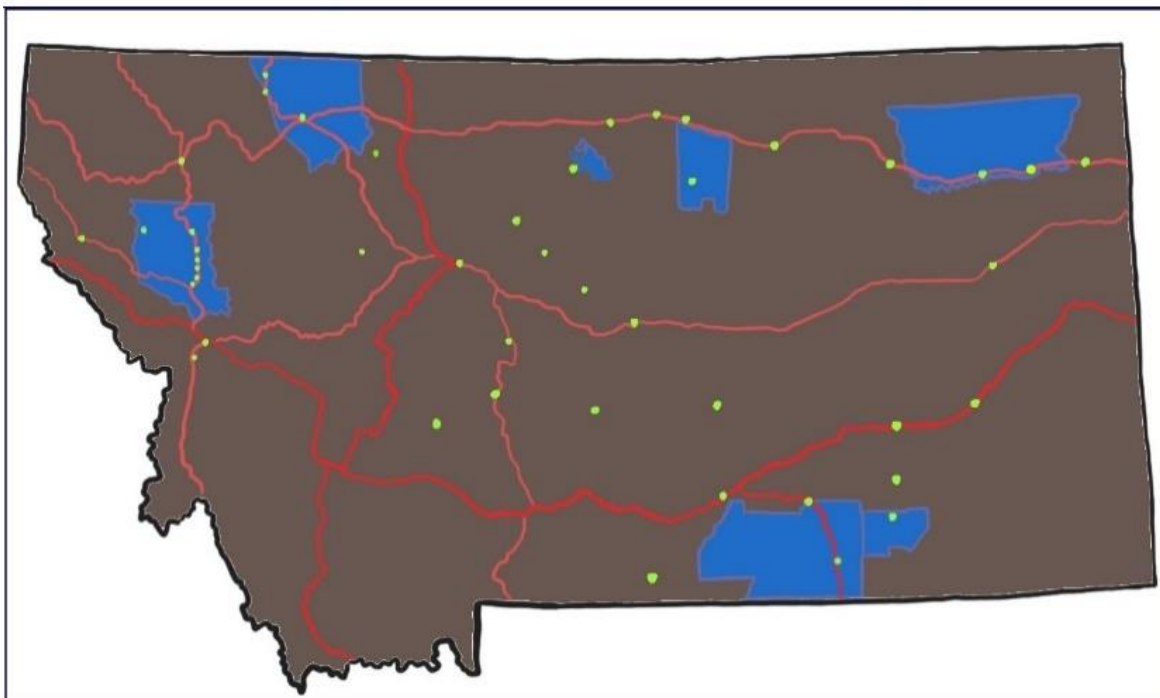


Figure 1. Locations of stores surveyed

Survey Results

Overview of Grocery Distribution in Montana

In the modern U.S. food system, the food supply chain is extremely complex, where the delivery of a single type of food to a consumer involves many actors. Driven by changes in economic policies, technology, and infrastructure (i.e., the interstate highway system) over the past fifty years, food distribution is based on economy of scale utilizing large warehouses and long-haul trucking to realize maximum profits. The current distribution infrastructure, mostly designed with urban and suburban areas in mind, adds to the cost of food and contributes to a lack of variety of products in rural places.

The COVID-19 pandemic has further complicated food supply chains in the U.S., especially in remote and rural areas. With travel severely restricted or discouraged, many rural residents have been forced to rely solely on their local grocery stores. At the same time, large distributors are giving priority to their larger retailers in more populous communities or abandoning smaller stores altogether.

Independently-owned grocery stores in Montana are supplied by three large distributors, along with several mid-size, regional, and direct-to-store distributors. In addition, local independent delivery services play a role in providing perishable items to some of the smaller and more remote communities.

Major Distributors

The three major distributors delivering wholesale food products to retail stores in Montana are:

- United Retail Merchants (URM), headquartered in Spokane, WA;
- Associated Food Stores (AFS), based in Salt Lake City, Utah; and
- UNFI, with distribution centers in Bismarck, ND and Billings, MT.

Since these three distributors generally carry the largest variety of grocery products at the lowest prices, ideally all Montana rural grocery stores would be serviced by one of them. However, membership costs, minimum buying requirements, delivery costs, point of sale system (POS) requirements, lack of a loading dock, or other circumstances make these distributors unavailable to some stores.

It is understood that distributors have a tiered pricing structure based on purchased volumes. Discounted pricing may come in the form of a rebate. For instance, URM has a “cost equalization” rebate, which is an incentive for retailers to fill an entire truck when ordering.

These distributors also require most products be purchased in whole cases, or sometimes pallets, in quantities sometimes too large for most smaller stores to sell in a timely manner.

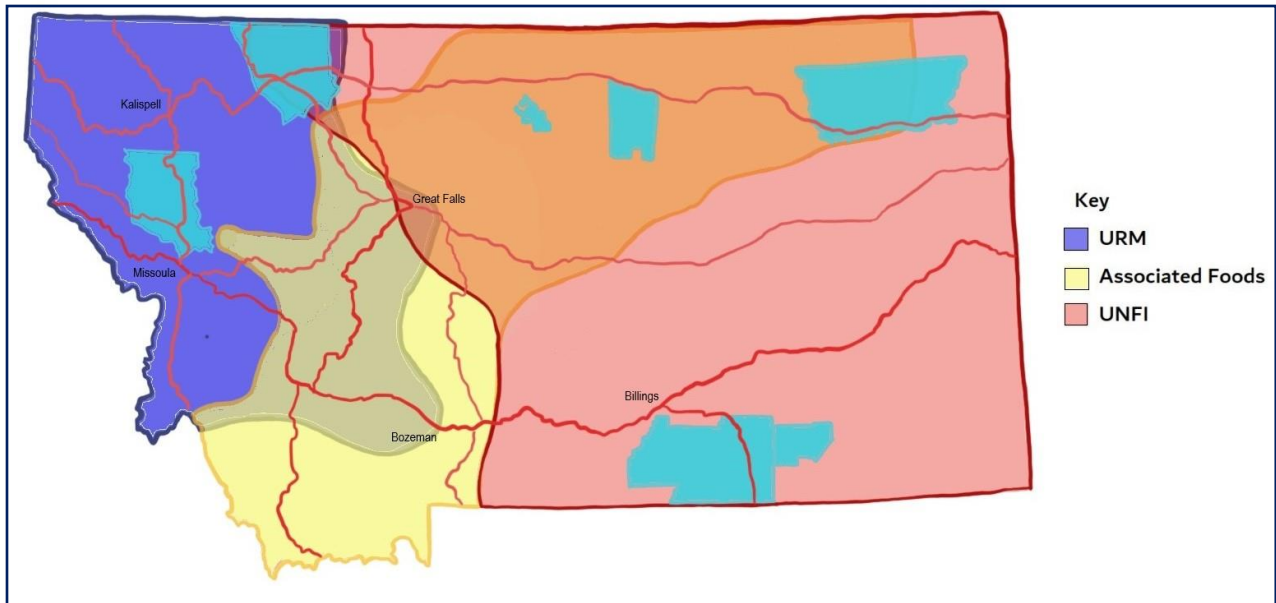


Figure 2. Service areas of major wholesale grocery distributors

United Retail Merchants, commonly referred to as URM, services independent grocery stores in the Pacific Northwest, including western Montana and a few stores east of the Continental Divide. As a cooperative, the independent stores it services are owners of URM. This has been a successful model for 99 years. Their distribution center in Spokane is 680,000 square feet and carries over 20,000 different items.

In 2000, URM bought then employee-owned Rosauers Supermarkets Inc., which consists of 17 Rosauers Stores, four Super 1 Foods Stores and one free-standing Huckleberry's Natural Market. Several of these stores are in Montana.

Rather than expanding its territory and creating long-haul situations for their drivers, URM continues to serve the area from Central Washington to Western Montana, where their drivers can travel to their destination and return to Spokane on the same day. In situations that require a longer drive, URM stages a truck and driver at points along the route. For example, to serve the Rosauers store in Bozeman, a driver is based in Missoula. The driver from Spokane hands off a full trailer and returns to Spokane with an empty trailer from the previous run. There are a few other stores east of the Divide serviced by URM including the Super 1 Food Stores in Great Falls and Helena. They also serve Glacier Family Foods in Browning (which is associated with the Family Foods brand) and, prior to the COVID pandemic, were supplying at least four rural stores with a mid-sized distributor, Core-Mark, transporting the goods.

To purchase from URM, one must become a member/owner. They have different minimum buying requirements for different members. Although they accept smaller orders, a retailer must purchase a minimum of around \$3,000 per week to carry their Food Club (formerly Western Family) brand.

Associated Food Stores, known as AFS or simply called Associated, is headquartered in Salt Lake City and services over 400 independent grocers in eight Intermountain states. Also a cooperative distributor, AFS serves stores in Montana located mainly along the I-15 corridor and east across the HiLine (U.S. Highway 2) to Poplar, and north to Scobey. In the south-central part of the state, they serve stores in Gardiner and Livingston. They supply a few stores west of the Divide, including the markets in Lincoln and Seeley Lake.

Prior to 2015, Associated Foods had distribution centers in Billings and Helena. Currently, all trucks are dispatched from the Salt Lake warehouse on what can be a 2 or 3-day run. Drivers sleep in their trucks when necessary.

Like URM, Associated works with smaller stores with low buying volumes. Associated's website states that a member store must maintain a minimum average of \$5,740 per week. It appears some Montana stores have lower volumes than this, so the \$5,740 requirement may be their minimum to carry the Food Club brand.

United Natural Foods, Inc., commonly referred to as UNFI, is the third major distributor in Montana. A large national distributor headquartered in Providence, Rhode Island, UNFI acquired SuperValu in 2018, which included their warehouse in Billings. The Billings distribution center is supplied from the Twin Cities and three centers in northern Illinois. From there, UNFI services independent Montana stores (including all IGAs) along the I-90 corridor from Big Timber to Lodge Grass, including Red Lodge, Roundup and Lewistown, and the entire I-94 corridor, including Circle, Colstrip and Lame Deer. Stores in northeast Montana, including Culbertson, Poplar, and Plentywood, receive their shipments from Bismarck, North Dakota. UNFI travels as far northwest as Conrad and Browning for deliveries.

UNFI distributes the Essential Everyday and IGA branded foods.

Mid-size Distributors

Although they carry a wide variety of nationally-known products, many of the products carried by these companies are considered snack food – such as jerky, power bars and pre-made packaged sandwiches and many items, such as shampoo, are only available in the smaller convenience sizes. For this reason, they are the main distributors for convenience

stores, but are the primary distributor for several small grocers in Montana. Below are three of the more dominant mid-size distributors. There are several others.

Doyles Sheehan of Missoula - Also known as Sheehan Majestic, this family owned business began in 1978 and is still growing. Doyles Sheehan's three warehouse facilities are located in northern Idaho, the Portland, Oregon area, and Missoula, Montana. The Montana facility is 176,000 square feet, which includes the corporate offices. They carry non-perishable food items, tobacco products, candy, snacks, and non-food items such as motor oil, health and beauty aids, paper products and many items one might typically find in a convenience store.

Core-Mark – A national distributor, whose nearest distribution center to Montana is in Spokane, distributes fresh, chilled and frozen merchandise mainly to convenience stores. In addition to their own products, they have been willing to transport items from URM to smaller Montana grocers.

Valley Distributing of Billings – Serving much of Montana (east of the Divide) and northern Wyoming, Valley Distributing has been in business since 1974. With their 29,000 square foot warehouse and 20 employees, they distribute over 7,000 items - including tobacco products, fresh produce, bar mixes, meats, breads, spices and food service items - to grocery stores, convenience stores, coffee kiosks and full-service restaurants.

Small Regional Distributors

Charlie's Produce of Spokane and Quality Foods Distributing of Bozeman are examples of small regional distributors. Charlie's is a full-service wholesale produce company covering northern Idaho, northeastern Oregon, western Montana and eastern Washington. Quality Foods Distributing provides natural, organic, specialty, and local/regional foods to customers throughout Montana, Wyoming and Idaho – including Yellowstone, Glacier and Grand Teton national parks. Both companies pride themselves in helping local producers and processors expand to the retail and food service sectors.

Direct Store Delivery Distributors

Direct Store Delivery (DSD) distributors skip the third-party distribution centers and, as their name implies, deliver directly to retailers. This method is used mainly by manufacturers of baked goods (Wheat Montana, Franz), dairy products (Meadow Gold, Darigold), alcoholic and non-alcoholic beverages (local breweries, Coca Cola, Pepsi, George's, Sun Beverage, Gusto and other larger beer and wine distributors) and snacks (Frito Lay). DSDs typically provide marketing-related services such as merchandising.

DSD is used effectively for full truckload orders where bypassing distribution centers makes economic sense.

A couple of the larger players in the DSD field are Frito Lay and Williams Inland Distributors. A subsidiary of PepsiCo, Frito Lay owns 29 brands, ranging from Sun Chips to Grandma's Cookies. Williams Inland Distributors specialize in ice cream and frozen pizza, and carry such brands as Haagen-Daz, Breyers, DiGiorno, and Tombstone.

Jobbers

Jobbers are used extensively in the food industry for fresh products such as milk and bread where minimizing the number of days in the supply chain is a key concern. A jobber is an independent distributor, either operating on a consignment basis or as a contracted delivery driver. Small communities throughout Montana rely on local jobbers for last mile transportation. For example, a jobber from Plains, Montana picks up milk and ice in Missoula and delivers to small stores west of Missoula, such as Thompson Falls, Paradise, Plains, and Hot Springs. While it is difficult to know how many jobbers operate in Montana, it is a concept which could potentially play a key role in transporting goods to rural grocery stores more efficiently.

Demographics of Respondents and their Stores

The stores in the survey have been in existence for an average of 22 years – with a range of 3 months to 118 years.

Only 14% of the stores operate in a location near other grocery stores.

The average distance to a large supermarket chain store (e.g., Albertsons and Walmart) is 46 miles -- with a range of 1 mile to 90 miles.

The stores employ a total of 198 people, with staff size ranging from 3 to 44.

Local Food Sales

A full 90% of the grocers reported selling locally produced and processed food. Local food sales include squash, potatoes, corn, apples, microgreens, beef, bison, pork products (sausage and brats), eggs, milk, sauces, beer, honey, jam, and baked goods.

Store managers expressed a desire to feature more local foods, but nearly all (95%) expressed concerns about 1) the pricing being too high for their market and 2) the local supplier not being able to meet the store's demand on a regular basis. A smaller portion (20%) expressed concerns about food safety and certification issues.

Most stores expressed a willingness to purchase Montana-raised and processed meat, with the following answers to the three related survey questions.

- Would you buy Montana-raised and processed beef if it was available?
Yes - 25 No - 1 Maybe - 3
The only “no” came from a ranching community where “everyone has their own beef.”
- Would you buy Montana-raised and processed bison if it was available?
Yes - 25 Maybe - 4
- If one or more Montana-based tribes could provide locally raised and processed bison and beef cuts, would you buy them?
Yes - 23 Maybe - 6

Fair Pricing from Suppliers

A majority of grocers surveyed (80%) feel they are getting fair pricing from suppliers in comparison to chain stores. Everyone realizes they cannot compete with Walmart and other large chain stores, but feel that suppliers are working with them to provide the best product at the best price.

Of those (6 stores) that feel they are not getting a fair price, they are either very small (serving communities of less than 600), remote (not on a U.S. Highway or Interstate), and/or seasonally-operated stores. Half of these stores (3) are located on Indian reservations. Four stores in the survey are unable to find a distributor to service their store at a reasonable rate. These stores currently buy their products at Walmart or Costco for retail prices, which is less than what a distributor would charge them.

Minimum Purchasing Requirements

Predictably, the same 20% of grocers said minimum buying requirements from suppliers pose a problem. One has gone to biweekly delivery. Another has been able to partner with a tribal program to help meet minimum requirements.

Delivery Schedules

Most stores (23) are receiving product from their primary distributor twice weekly and report being satisfied with their delivery schedule. The most common twice-weekly schedules are Monday/Thursday and Tuesday/Friday. Others are getting deliveries once a week or biweekly. Only those getting deliveries on Saturday prefer a different delivery schedule.

Effects of the COVID Pandemic

The COVID-19 crisis has been an awakening for many people, especially consumers, who were unaware of the complex food distribution system and fragile supply chain. Small Montana grocers who have seen the system change over the years to favor the big retailers felt the effects immediately and probably to a greater degree than other retailers.

With stay-at-home orders and closures of restaurants, consumers increased the demand on their local stores at the same time supply chains began breaking.

Of grocers surveyed, 100% said they had experienced product shortages, while half have seen price increases for some products. Overwhelmingly, grocers noted shortages for 1) paper products, 2) cleaning supplies, and 3) antibacterial products.

Nearly all stores experienced a severe supply chain break for meat in March and April, but that has been resolved in most cases. Several are sourcing their beef and pork products locally now. This includes everything from steaks and burgers to sausage and bacon.

The shortage of paper products and cleaning supplies persists seven months later, with Lysol spray virtually impossible to obtain. Many stores are not able to get their full orders of beverages, such as pop and beer, due to shortages of aluminum cans and plastic bottles. One store is not being serviced by Frito Lay any longer. Now that store places their order online and waits for their chips and snacks to arrive 3-4 weeks later via UPS.

At least four small retailers in North Central Montana were dropped by their primary supplier, URM. In one case, it was on a 48-hour notice. This caused a scramble for new suppliers. In two cases, the dropped stores have been able to combine their order with other independent stores to purchase products from Associated Foods.

The other two stores were able to get direct deliveries from Associated Foods, but not without significant costs. These included putting down large deposits and changing out all their inventory, pricing system, and shelf tags.

Many store owners have also seen an upside to the pandemic. People are learning to cook again! And they are shopping locally again! Consumers are also asking for more variety of products as they find new recipes on the Internet. This is good news for rural grocers, but also creates unique challenges. Small stores don't have much space to add new products or carry quantities of items with which their consumers may not be familiar.

What most grocers have learned, or been reminded of, during the pandemic is how fragile the supply chain is, how loyal (or disloyal) their distributor can be, and the need to work on more partnerships and local sourcing to secure their own supply chain.

Additional Challenges

Although the survey did not contain questions specific to issues other than distribution, selling local products, and the COVID pandemic, feedback from those interviewed revealed additional concerns which the researchers felt were important to note. Other challenges facing independently-owned grocers in Montana are increasing competition, labor shortages, rising construction costs, high bank card processing rates, and the inability to sell one's store and retire.

Increasing Competition

Rural grocers are facing more competition from large chain stores, like Walmart which currently accounts for 25% of the grocery market in the U.S., and Albertsons, which control their own distribution to keep prices low. These stores are typically located in larger Montana towns, which require rural Montanans to travel some distance in order to save money on groceries.

An overlooked competitor in the grocery business are the "Dollar" stores -- Dollar, Family Dollar, Dollar General and Dollar Tree -- which have been rapidly expanding into small Montana towns. In the past few years, these types of stores have opened in Bridger, Big Timber, Columbus, Townsend, Red Lodge, Hardin, Ennis, Libby, Wolf Point, Sidney, and Plentywood. Although they are not full-service grocery stores, they carry a wide variety of food products at reduced prices and are certainly taking market share from rural Montana grocery stores.

Labor Shortage

Prior to the COVID-19 pandemic, the low unemployment market made it difficult for many stores to find employees. Although salaries for grocery store workers are generally competitive within any given region, store managers simply could not find or retain workers. Managers and owners often said, "Nobody wants to work."

Some of the work is difficult or requires special skills. Stores with their own meat departments have an extremely difficult time finding skilled meat cutters. There is also a shortage of people who want to work in a bakery, because of the required early morning hours when one must begin baking for the day.

In small Montana towns, there is simply not an available workforce. Young people want to work in larger towns where they can earn more money, see more people and have new experiences. One store manager in a rural town literally looked for employees by going through the phone book to ask people if they could work 5 hours a week at the local store. Other stores

are using their social media platforms as a way to recruit employees.

Additionally, though grocery workers are considered “essential” during COVID-19 shutdowns, this adds a risk that some laborers do not wish to take. On reservations where multi-generational households are common, young and middle age workers may avoid the risky work to prevent harm to their families. In order to combat the labor shortage in Browning, the tribally-owned store Glacier Family Foods decided to pay their essential workers, including grocery employees, hazard pay during the pandemic.

Construction Costs

Rising construction costs make it prohibitive for a small store to renovate, expand their current building, or replace their current facility with a larger or more energy efficient one. One owner spoke of building a new 25,000-square-foot store in 1995, which cost \$2.5 million at that time. He estimates that same construction would be around \$10 million today. Construction costs can make it prohibitive for a small store to add or expand a loading dock, which would allow them to receive direct shipments from larger distributors.

Bank Card Fees

Another cost that eats into grocery store profits is credit card processing fees, which can range between 1.5 – 2.9% for swiped credit cards. Debit cards with PINs have a lower rate, generally around .75% to .80%. To ensure the proper fee, a merchant must have POS system and credit card processing service that can distinguish between a credit card and a debit card.

Upgrading to the appropriate POS system and credit card processing service can be cost or time prohibitive for many small stores, so they continue to lose a portion of their profit on every debit card sale.

Inability to Retire

After running a rural grocery store for 20 to 40 years, it would be ideal for the owners to sell their store at a price which would fund their retirement. They could live happily ever after and the community would retain their store. However, when potential buyers are looking at a business with thin profit margins in a small community with a shrinking population, they wonder how they could possibly make a living. Long time owners can only make a profit because they have already paid for their land and building. New owners with a heavy debt load could not realize the same profits. This scenario is happening in small Montana towns right now. Store

owners whose children don't want to buy or assume the business are wondering if they'll ever be able to retire or if they'll just have to walk away from it at some point.

This situation occurred in Belfry, Montana earlier this year (May 2020). The owners, who had operated the store for 27 years, were unable to find a buyer. They chose to shut the doors and walk away. Today, the Belfry Country Store sits empty, the town's 259 residents must travel an additional 12 miles to purchase groceries, and the owners who served the community for almost three decades have retired with a lot less funds in the bank than they had counted on.



Figure 3. The sign on the door of Belfry Country Store says it all.

Market Basket Survey Results

The market basket survey reveals the broad range of grocery prices throughout Montana. Total cost for the ten food items ranged from \$13.19 at the Walmart in Billings to \$32.26 at the Lodge Grass IGA on the Crow Reservation, only 81 miles away – almost two-and-a-half times more. Individual market basket items also varied greatly. Ground beef ranged from \$2.49 to \$6.65 per pound, eggs were priced between \$.99 to \$3.69 per dozen, and a gallon of 2% milk ranged from \$2.48 to \$6.95. Other basket items also had a wide range of prices.

A synopsis of the market basket survey is found in Appendix C. With results listed from lowest cost stores to the highest, one can see the various factors that affect prices. The most obvious factors that keep groceries more affordable are 1) being a chain store that controls its own distribution, and 2) having competition within one's community.

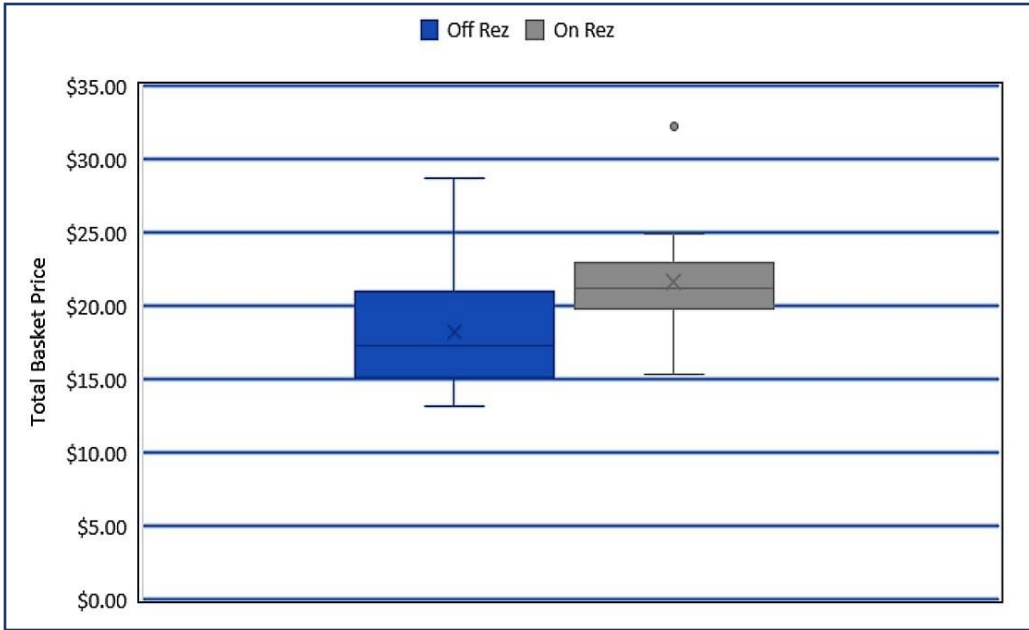


Figure 4. Comparison of market basket prices on and off reservations

Evaluating for population of a community (which should affect buying volume), and distance from an interstate highway of large city (which should affect transportation cost), did not reveal any clear pattern.

What did emerge as a possible factor for pricing was proximity to an Indian reservation. The chart shown above (Figure 4) illustrates the range in prices for those stores on or near a reservation compared to those located elsewhere. Total market basket prices for reservations ranged from \$15.34 at the Walmart in Polson (the highest prices for any Walmart in the survey) to \$32.26 for the IGA in Lodge Grass, which is located on an interstate highway and was not the smallest town surveyed. Overall, the median price for groceries on a reservation is 23% higher than those found off a reservation.

Shopping for Groceries on Montana’s Reservations

As a consequence of the geographic and demographic diversity across Montana reservations, the specific circumstances that affect grocery shopping vary widely. The following provides a brief summary of the grocery availability and cost on each reservation. Some reservations have a number of store options in the immediate area with affordable prices, while some reservation residents must drive at least 30 miles for any grocery option at all.

The demographic data for reservations was obtained from the [Montana Census & Economic Information Center](#). Additional demographic information is contained in Appendix D, including per capita income, percentage below the poverty level, and percentage of population

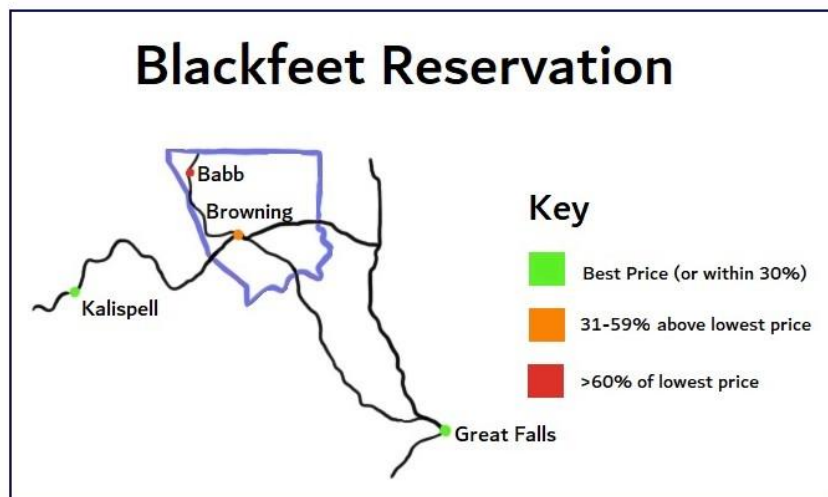
with SNAP (Supplemental Nutrition Assistance Program, formerly known as “food stamps”) benefits.

Blackfeet Reservation

- Population: Of the approximately 17,000 enrolled Blackfeet members, there are about 7,000 living on or near the reservation. However, the total population of the reservation is approximately 10,000, making it home to about 3,000 non-Native residents.
- Area: The Blackfeet Reservation is approximately 1.5 million acres, or 3,000 square miles, making it larger than the state of Delaware.
- Median Household Income - \$26,264

Where People Shop

- Grocery stores on or adjacent to reservation
 - Browning: Teeple’s IGA and Glacier Family Foods
 - St. Mary (Summer Only)
 - East Glacier
 - Babb (Summer Only)
 - Cut Bank: Albertsons and Big Sky Harvest Foods
- Convenience stores - 5
- Miles to travel to chain grocery store from tribal headquarters
 - Great Falls - 126 miles
 - Kalispell - 100 miles



The Blackfeet Reservation is a geographically diverse region that covers 1.5 million acres from the eastern side of the Rocky Mountains to the dry prairies. Tribal headquarters are located in the largest town on the reservation, Browning, which has two grocery stores: Teeple’s IGA and Glacier Family Foods, the latter of which is owned by the tribe. Though built in 2010, Glacier Family Foods is still referred to as the “new store.” The smaller communities include

Babb/St. Mary about 15 miles south of the Canadian border and 35 miles north of Browning, East Glacier, 12 miles west of Browning and on the eastern border of the reservation, and Heart Butte, 35 miles south of Browning. East Glacier and Babb/St. Mary have tourist-centered economies and many businesses are only open seasonally. This includes one grocery store in St. Mary and one in Babb. Heart Butte does not have any store.

Just outside the eastern border of the reservation is the town of Cut Bank. Similar in size to Browning, Cut Bank has two grocery stores: Big Sky Harvest Foods and Albertsons. Browning is approximately 100 miles from Kalispell and 126 miles to Great Falls, though they are similar in driving times. The location people choose for grocery shopping depends on their residence on the reservation. For example, Heart Butte and Seville are closer to Great Falls and East Glacier and Babb are closer to Kalispell.

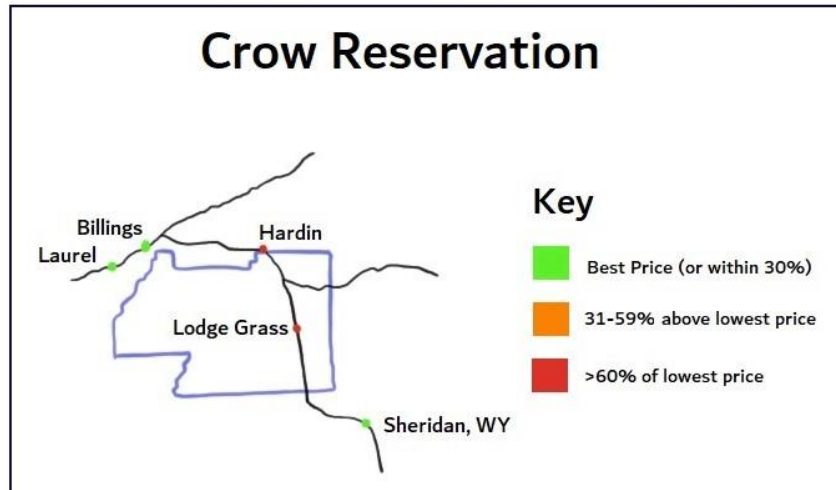
Evaluation: Access to affordable groceries has improved greatly since the tribe opened Glacier Family Foods. The store offers a variety of food, including fresh produce, at relatively affordable prices and created the much-needed competition to drive down prices from the previously lone grocery store in town. More affordable food is needed in the remote communities of Babb, St. Mary and Heart Butte. Small tribally-owned brick and mortar stores in these towns could benefit from the buying power of Glacier Family Foods. Another solution might be mobile markets that travel to outlying communities once or twice a week with products from Glacier Family Foods.

Crow Reservation

- Population: About 75 percent of the Apsáalooke (Crow) tribe's approximately 10,000 enrolled members live on or near the reservation.
- Area: At 2.2 million acres, the Crow Reservation is the largest reservation in Montana.
- Median Household Income: \$47,454

Where people shop:

- Grocery stores on or adjacent to reservation:
 - Hardin: IGA
 - Lodge Grass: IGA
- Convenience stores – 7
- Miles to travel to chain grocery store from tribal headquarters
 - Billings - 60 miles
 - Sheridan, WY - 70 miles



While the Crow Reservation is the largest in Montana, there are few grocery stores within the physical borders. The town of Lodge Grass, about 40 miles from the tribal headquarters in Crow Agency, boasts the only true grocery store on the reservation. Just outside the northern boundary of the reservation, Hardin has one grocery store. Along the Interstate 90 corridor, there are a few convenience stores, including in Hardin, Crow Agency, and Garryowen, as well as the popular fishing destination of Fort Smith. The northern portion of the reservation is approximately 60 miles from Billings and those with the transportation, do their shopping in the urban area, as Hardin's grocery store prices are 70% higher than the Billings Walmart. The southern part of the reservation, with the highest prices found in this survey, tends to drive to Sheridan, Wyoming – if they have the means to do so.

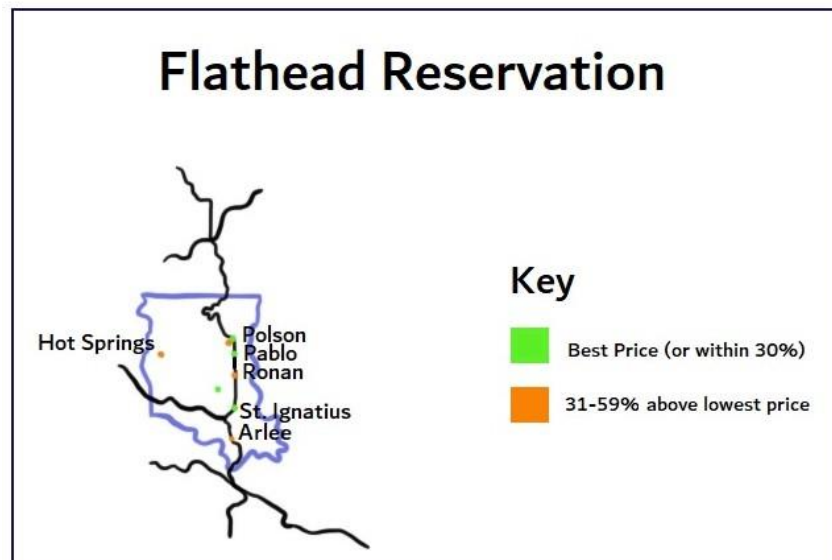
Evaluation: When examining population, current distributors, and location along an interstate highway, there is no logical reason for the prices in Hardin and Lodge Grass to be among the highest in the state. Other smaller communities also have monopolies and a captive market. Residents certainly feel the stores are unreasonably overcharging for their goods. The Crow Tribe should evaluate what occurred on the Blackfeet reservation when that tribe built their own grocery store and created the competition needed to drive down prices. Yellowtail Market, a convenience store in Fort Smith, is listed as a tribal business on the tribe's website, so perhaps they already have some experience in this type of enterprise. In the short term, mobile markets could be a solution. While the Hardin and Lodge Grass stores most likely would not provide crossdocking for a mobile market, perhaps one or both food banks (located in Hardin and Garryowen) would partner in this effort.

Flathead Reservation

- Population: Of the approximately 9,078 enrolled tribal members, about 5,364 live on the reservation. There are three tribes present on the Flathead Reservation: the Séliš (Salish), Ktunaxa (Kootenai), and Q́lispé (Pend d' Oreille). A substantial number of non-Natives also reside on the reservation, making the total population around 26,000.
- Area: 1.2 million acres, with the northern portion of the reservation being predominantly Kootenai and the southern portion predominantly Salish.
- Median Household Income: \$39,936

Where People Shop

- Grocery stores on or adjacent to reservation
 - Polson: Walmart, Super 1, Safeway
 - Hot Springs
 - Pablo
 - Charlo
 - Ronan
 - Arlee
 - St. Ignatius



The Flathead Reservation is located along the Highway 93 corridor running from Missoula to Kalispell. Polson is the largest town on the reservation and is home to a Super 1 Foods, Safeway, and Walmart. Tribal headquarters are located in Pablo, 10 minutes south of Polson and home to Pablo Family Foods. Further south are Ronan, Charlo, St. Ignatius, and

Arlee, all with grocery stores. On the western boundary of the reservation is the town of Hot Springs which has both a grocery store and a health food market. While both Kalispell and Missoula are about 70 miles away, depending on one's location on the reservation, the presence of the Walmart in Polson means most community members do their shopping on the reservation.

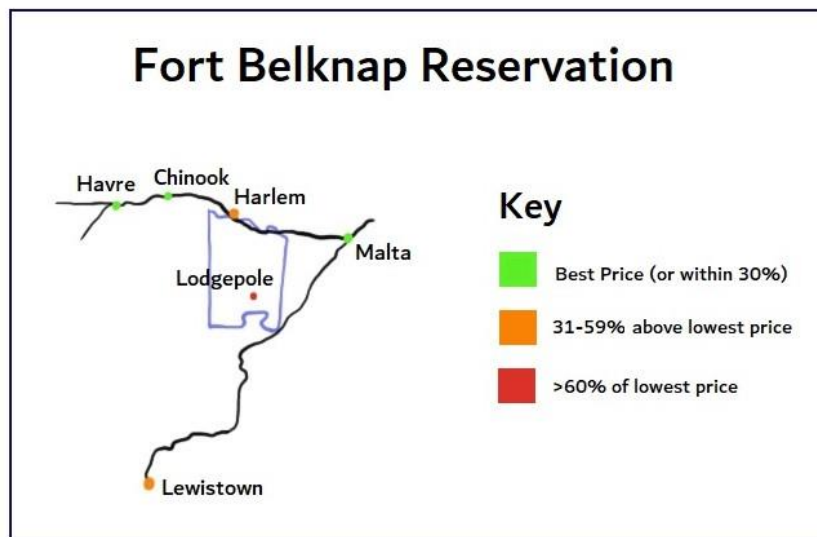
Evaluation: The Flathead reservation is the only reservation in Montana not classified as a food desert. Multiple grocery stores provide a wide variety of products and relatively affordable prices. The residents of this reservation, 75% of which are non-Native, have many shopping options, including several farmers markets.

Fort Belknap Reservation

- Population: Combined enrollment of the Nakoda (Assiniboine) and Aaniiih (Gros Ventre) is approximately 7,000, with around 4,000 living on the reservation
- Area: 675,147 acres
- Median Household Income: \$30,875

Where People Shop

- Grocery stores on or adjacent to reservation
 - Harlem: Albertsons
 - Lodgepole: Red Paint Creek
- Convenience stores - 6
- Miles to travel to chain grocery store from tribal headquarters
 - Harlem – 1 mile
 - Malta - 41 miles
 - Havre - 44 miles



Most residents shop at the Albertsons in Malta or Harlem, or Finley's in Chinook. Many travel the hour into Havre to shop at Walmart. Fewer travel to Billings or Great Falls to stock up at Sam's Club. Those living on the southern end of the reservation occasionally travel to Lewistown, where there is an Albertsons and a new Town & Country store. Lodgepole, in the southern part of the reservation, is home to the tribally-owned/cooperative Red Paint Creek store, which offers a full selection of groceries, but at some of the highest prices in the state.

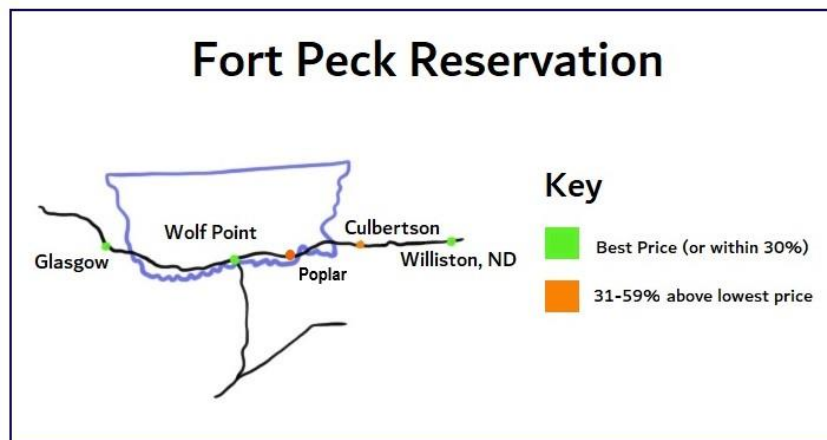
Evaluation: The chain stores along the HiLine provide relatively affordable and healthy food choices for Fort Belknap residents. The Red Paint Creek store was a good investment by the tribes, but must navigate changing market and distribution dynamics to ensure its continued survival. The store does a good job serving a population of just over 200 people, but is having challenges with a new distributor and their hybrid tribal/cooperative structure.

Fort Peck Reservation

- Population: About 6,800 Nakoda (Assiniboine) and Dakota (Sioux) citizens live on the reservation, and around 3,900 tribal members reside elsewhere. The non-Native population is around 4,000, bringing the total reservation population to about 10,000.
- Area: At over 2 million acres in size, this is the second largest reservation in Montana.
- Median Household Income: \$36,786

Where People Shop

- Grocery stores on or adjacent to reservation
 - Wolf Point: Albertsons
 - Poplar: Tande and Main Street IGA
 - Frazier
 - Nashua
- Convenience stores - 5
- Miles to travel to chain grocery store from tribal headquarters
 - Wolf Point - 21 miles
 - Williston - 75 miles



When possible, the majority of Fort Peck residents shop at Albertsons in Wolf Point, which is the only chain grocery on the reservation. The residents of Poplar, home to tribal headquarters, tribal college, and a health clinic, have the choice of two grocery stores. Other small stores located in Frazer and Nashua, which are more convenience stores than grocery stores, stock mostly pop, beer, snacks, and highly processed items. A small grocery in nearby Culbertson offers prices about the same as Poplar. The town of Glasgow outside the western boundary of the reservation has an Albertsons and Reynold's with reasonable prices and provides a good option for residents on the western part of the reservation. Community members drive to Williston, North Dakota (75 or more miles away, depending on where one lives) or Billings (over 300 miles away) to purchase food in bulk.

Evaluation: While the Albertsons in Wolf Point provides a good selection of food at a relatively reasonable price (9% higher than Glasgow), it is not easily or readily accessible to everyone. The two stores in Poplar offer a wide variety of food, including meat and produce, with prices 25-31% higher than Wolf Point and 36-42% higher than Glasgow. Given the lower buying volumes and the fact they are serviced by Associated (from Salt Lake City) and UNFI (from Bismarck), it not surprising to find this is the case. Emphasis should be put on improving the quality of food offered in the smaller communities of Frazer, Brockton, Oswego, Fort Kipp, and Nashua, either through the existing stores or mobile markets.

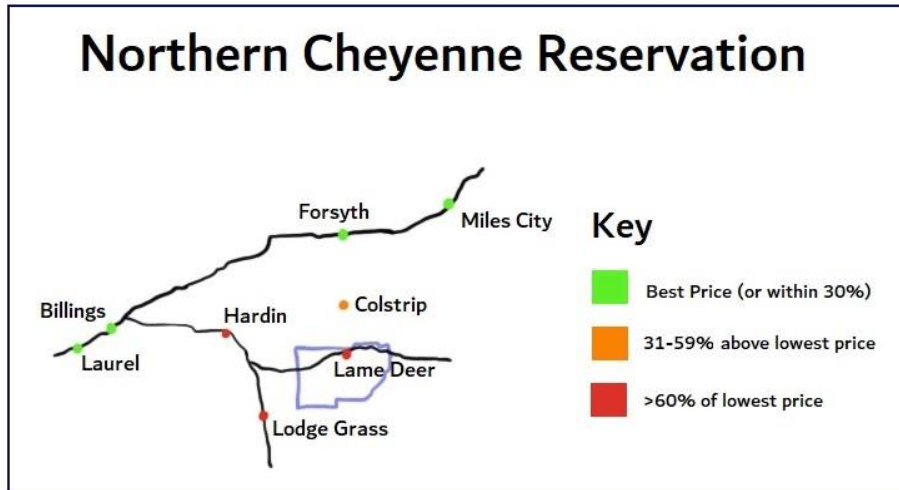
Northern Cheyenne Reservation

- Population: The Northern Cheyenne Nation has about 11,300 citizens, with around 5,200 residing on the reservation.
- Area: 444,000 acres
- Median Household Income: \$46,300

Where People Shop

- Grocery stores on or adjacent to reservation
 - Lame Deer: IGA
 - Ashland: Ashland Merc
- Convenience stores - 5
- Miles to travel to chain grocery store from tribal headquarters
 - Sheridan, WY - 80 miles
 - Billings - 104 miles

Northern Cheyenne residents primarily shop for groceries at the Lame Deer IGA and Rosebud Foods in Colstrip. Because the prices at those two stores are among the highest in the state (See Appendix C), people with the means to do so, travel to Sheridan and Billings for larger and more affordable grocery purchases.



Despite their proximity, the tribal population typically does not shop in Broadus, Forsyth, or Miles City. There is a small full-service grocery store in Ashland, just off the reservation, which residents of the eastern portion of the reservation frequent. There are no permanent food banks located on this reservation, however, the Center Pole (from Garryowen), Boys & Girls Club of Northern Cheyenne, and Yellow Bird Life Ways Center provide food distribution on a semi-regular basis.

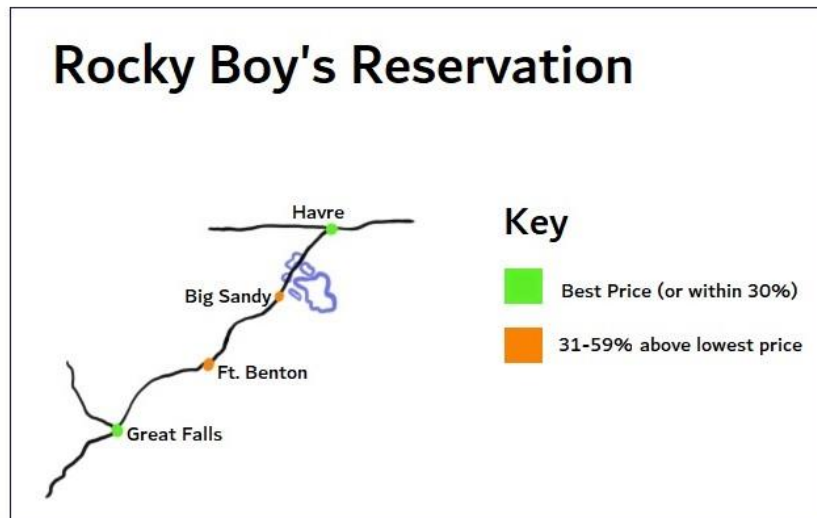
Evaluation: Like the Crow Reservation, another grocery store in Lame Deer would do a great deal to drive down food prices. The IGA has a captive audience and no competition. Busby, a town of over 700, currently has two convenience stores, but no grocery. Residents of that community have to drive to Lame Deer (16 miles), Hardin (41 miles), or Lodge Grass (46 miles) for highly-priced food – and much further for affordable food.

Rocky Boy's Reservation

- Population: Rocky Boy's is home to approximately 3,300 of the Chippewa Cree Tribe's 6,200 enrolled members
- Area: 122,000 acres
- Median Household Income: \$28,897

Where People Shop

- Grocery stores on or adjacent to reservation
 - None
- Convenience stores - 2
- Miles to travel to chain grocery store from tribal headquarters
 - Havre - 29 miles
 - Great Falls - 102 miles



For many years, there were no food stores on the reservation. In addressing this issue, the Chippewa Cree tribal government opened a store in Rocky Boy several years ago. However, Gramma's Store serves more as a convenience store than a grocery store, carrying no fresh produce or whole foods. Because they have been unable to find an affordable grocery distributor, Gramma's purchases its goods at Walmart or Sam's Club (in Havre or Great Falls) for retail price and mark them up 30% or more. There is also a convenience store in Box Elder.

With no grocery store on the reservation, everyone is forced to travel to Havre or Great Falls to shop. Although Big Sandy and Fort Benton are closer, the prices don't make those locations a good option.

The Rocky Boy Food Coalition, led by the tribal Planning Department, is working toward more local food production, processing, and access by residents. Projects in the works include a flour mill, mobile slaughter and meat processing unit, a food pantry, gardens, green houses, and a full-service grocery store. All these steps will lead toward greater food sovereignty. In conducting a feasibility study for the grocery store, one of their biggest challenges will be procuring food products at a reasonable price from a distributor that will deliver to their location.

Evaluation: While Rocky Boy's nearest grocery store supplies their community with reasonably priced food, it still requires a 60-mile round trip. Consequently, those without a car are forced to rely on the convenience store food at Gramma's. The research team is hopeful that the Rocky Boy Food Coalition will implement policies that support food sovereignty and ultimately result in more fresh and whole foods available on the reservation. This may manifest as the above goals or by finding ways to add a full-service grocery option to the existing store.

Proposed Solutions

There is clearly a grocery distribution problem in Montana. The large-scale food distribution system works well for populated areas near major food hubs. Large volume purchases and short haul delivery make food very affordable in most urban and suburban areas. It does not work well for rural locations with small populations, as confirmed by the market basket survey. The challenge is to decrease the price differentials

If nothing is done, grocery stores in Montana's smallest and most remote towns will continue to struggle. They will worry about finding employees to staff their stores adequately, the next break in supply chain or shortage of goods, meeting their minimum buying requirements, whether their current supplier will drop them with a moment's notice, and how they're going to sell their store and retire when it's time. Consumers in those communities will continue to pay higher prices or drive further distances to save money on groceries, while possibly feeling some sense of guilt over not supporting their hometown business.

There are steps which can be taken, both short term and long term, to mitigate some of the challenges. It is up to MCDC and interested partners to determine which might be feasible and which they wish to pursue.

Form a Rural Grocery Network

An obvious first step, requiring the least cost, would be to form a rural grocery network. When asked if they currently collaborate with other small independent grocery stores, only 12% of survey respondents answered in the affirmative. Five others expressed interest in doing so. Because most independent grocery store owners share the concerns addressed in this report, it is easier to address challenges alongside those facing the same issues.

Other rural states, like North Dakota and Kansas, have recently formed rural grocery initiatives. From the resulting networking and ongoing dialog, a variety of solutions have been emerging for:

- Low interest financing,
- Management tools,
- Conversions to nonprofits, and
- Energy efficiency upgrades.

MCDC could expand on their Cooperative Grocery Store Manager's program to include the network from the comprehensive database of independent stores compiled by this research team. The network could include as little or as much as time and cost allows. It could involve an

electronic newsletter, a website, or an annual conference. It could eventually evolve into having a task force or board of directors and its own lobbying efforts.

An important aspect of such an initiative would be education and support. It is important to identify struggling stores and help them overcome the hurdles they are facing before it's too late and they simply have to shutter their doors. The network could create a mentoring program which pairs veteran store owners and managers with less experienced grocers.

Another strategy might be to develop a reference guide, such as the [Rural Grocery Tool Kit](#) created by the Kansas Rural Grocery Initiative, with vital resources for new and existing stores.

One of the most important objectives of a rural grocers' network is that everyone begins to see other small stores as their ally and not their competition. A coalition of stores that support each other can be powerful.

Provide More Technical Assistance to Existing Cooperatives

Findings from the survey showed the stores struggling the most, particularly the ones who were dropped by their suppliers during the pandemic, are existing cooperatives. Help in the form of grant writing assistance for vehicles, food distributor membership, loading dock construction, and new POS systems would greatly benefit these operations. It would allow existing cooperatives to 1) utilize the more cost-effective distributors that could then deliver directly to their store, and 2) in the instances where they are transporting products from local sources, it would ensure they are meeting all food safety requirements.

Ongoing Board member training would also be helpful, as there are transitions and board vacancies occurring on a regular basis.

Explore Forming More Cooperatives

There are at least two Montana communities, each with a population around 200, which are on the verge of losing their grocery stores because the current owners are ready to retire but have been unable to find a buyer for their business. No doubt, other towns are in the same position, or will be in the next few years.

MCDC could begin a conversation with these store owners to clarify misconceptions about cooperatives and assist them with forming one if that is the best solution. The researchers for this project heard the following objections to forming a cooperative when the subject was mentioned: "I'm too old for that." and "We won't be able to find anyone to work here."

More education for store owners and other stakeholders is necessary to provide a clear picture of what a cooperative is (and isn't) and what successful models look like.

A future study of this kind might include a question to store owners about how long they intend to own their stores and if they have a transition plan that would allow their stores to stay open. Once identified, MCDC could get involved early and help owners plan for retirement.

Encourage Further Study

Because grocery stores are the best source of nutritious food and important economic drivers in rural communities, many state and federal agencies, tribal governments, nonprofits, and NGOs have an interest in ensuring their survival.

While there have been some studies conducted on rural grocers and food access, more needs to be done. As previously mentioned, food distribution is a complex issue and often affected (positively or negatively) by government policy. Therefore, agencies involved in rural economic development, food production and processing, and health should all be looking for solutions to the challenges faced by rural grocery stores.

This study is just one example of what should be done. Previous studies have been conducted by Montana State University's Food and Health Lab and [Mission Mountain Food Enterprise Center](#) on different aspects of rural grocers.

The Governor's Office of Economic Development, Department of Commerce's Indian Country Economic Development Program, Department of Health and Human Services, Department of Agriculture, and others are probably interested in improving food distribution in rural Montana and maintaining the viability of rural grocery stores. Many others, including the Montana Farmers Union and USDA Rural Development, are concerned with the survival of rural communities.

Montana may want to consider something like what the North Dakota Interim Commerce Committee did in 2019, when it ordered a [Legislative Management study](#) of food distribution in rural communities in the state. This brings all the stakeholders together and elevates the visibility of challenges for all to collaborate on solutions.

Create a Centralized Distribution Hub

A more complex and costly solution to the distribution issue is to form a regional distribution center in a location accessible to many rural stores. Pooling the buying power of several stores and placing one order to a large distributor would, in theory, allow for a pricing

structure lower than most small stores are currently paying on their own. It should also decrease shipping cost for the stores, which are paying anywhere from 5% to 17% of their order. From the database of stores compiled for this study, Great Falls seems like the obvious place to create a centralized hub. At least 18 rural grocers are located within a 200-mile radius of Great Falls. This could encompass stores from Babb to Augusta to Turner to Denton.

The table below (Figure 5) provides an example of some communities within the Golden Triangle which could potentially benefit from a regional grocery hub.

Town	Population	Distance from Great Falls	% Over Great Falls	More Than One Store
Lewistown	5,762	106	29%	◇
White Sulphur Springs	944	98	39%	
Browning	3,760	126	44%	◇
Big Sandy	573	78	47%	
Conrad	2,448	60	49%	
Fort Benton	1,421	42	57%	
Denton	241	90	61%	
Valier	491	83	72%	
Babb	160	161	103%	
Geraldine	258	67	112%	
Neihart	49	58	130%	

Figure 5. A sampling of rural grocery stores in the Great Falls area

Several things are necessary to create a food distribution hub. Among those are:

- Computer and inventory software compatible with the major distributor;
- A bookkeeper who can combine and place orders then invoice each store;
- A warehouse or staging area, with loading dock, to receive shipments;
- A forklift, straddle stacker and/or pallet trucks;
- Staff to collate and distribute orders; and
- Vehicles and drivers to transport the product to individual stores.

It seems unreasonable to build a new warehouse for this purpose, so leasing an existing empty warehouse would be the most viable option. However, if the facility is only used one or two days a week as a staging area, with product coming in and going out in a matter of hours, perhaps space could be rented for those short periods. If refrigeration is not needed, the main

requirement would be a loading dock, straddle stacker/pallet trucks, and space in which to collate and organize merchandise.

Labor requirements would obviously be based on delivery times. Ideally, shipments would come into the hub two to four times a week. Warehouse staff, consisting of three individuals, would be needed on those days.

Perhaps labor and warehousing could be shared with a partner such as a local food hub, if one should form in Great Falls in the near future.

Delivery vehicles suited for hauling relatively large loads would need to be sent in multiple directions from Great Falls once a large shipment arrives and is collated. Rather than purchasing or leasing vehicles and hiring full or part-time drivers, one might contract with existing jobbers in the region. More research would be required to determine how many exist in this region.

Another possible solution might be found at the Montana Egg facility. The egg grading plant owned by Montana Eggs receives thousands of eggs each week from thirty Hutterite colonies spread across Montana. Rather than return home empty, perhaps these trucks and drivers could be contracted to deliver goods to rural grocery stores. If the egg producers work out to be a viable delivery method, the location of the colonies may help define the distribution area.

Additionally, to reduce produce food waste, there is the potential to partner with local restaurants, food banks, or domestic violence shelters to help ensure all product is reaching consumers. The quantities would be variable, however, but may provide unique opportunities for other local businesses to offer specials and help generate community excitement around available fruits and vegetables.

To determine the feasibility of a centralized hub, more information needs to be gathered. Without knowing specific purchase volumes and shipping costs being paid by stores currently, it is difficult to know if a hub will, in fact, lower costs for participating stores. In theory, the more stores that participate in a centralized distribution hub would increase the buying volume and should lower the cost for everyone.

Associated Foods, UNFI, and URM all currently service the Great Falls area. Engaging in discussions with all three major distributors is an important step to see if this type of cooperative distribution system would work within their framework. They likely recognize the difficulties of continued delivery to smaller stores and feel it is not cost effective for them to deliver in smaller volumes and less than full cases per product, but would they be willing to deliver to a central location?

Even with a large distributor willing to fulfill a collective order from several stores delivered to a central hub, other questions remain. Will the stores continue to receive management and marketing tools from the distributor, such as assistance with shelf tags, marketing, and pricing product? Who would cover the cost of spoiled/damaged products? Who would be responsible for collating individual store orders?

Then there is the question of last mile transportation. A discussion with Montana Eggs LLC would determine if their transportation network is an option. If so, how could it be utilized? What products could they transport and to what communities?

Conclusion

Food prices at grocery stores vary widely in Montana. Residents living on Indian reservations and in rural areas – those earning the least -- are paying the most for their food.

Montana's rural grocery stores are doing an incredible job to provide a variety of brand name and nutritious foods to their consumers. They are using creative ways to obtain and transport their products. Plagued by competition from large chain stores and thinning profit margins, combined with declining populations and labor shortages, owners of rural grocery stores in Montana are concerned about their futures.

Residents in rural areas must choose between supporting their local grocery store or traveling to a larger community to purchase groceries. In some cases, Montanans are driving up to 100 miles (one way) to buy food that fits into their family budget. While one's dollar may have more value in larger Montana cities, such trips cost close to \$100 in gas and wear and tear on a vehicle. However, many families feel it is necessary to access wholesome food. In order to make those trips economically logical, families must have the storage capacity to keep over \$200 of groceries. This further exacerbates income and access disparities. Those without the means to travel those distances suffer greater health disparities.

Maintaining viable grocery stores in rural areas is vital to the health of a community and its residents. By examining the causes of grocery store challenges in rural areas and around Montana reservations, this report has shed some light on the challenges facing Montana's rural independent grocers. Where possible, steps should be taken to address some or all of these issues.

Appendix A - Grocery Store Survey Questions

Name of Store _____
City or Town _____
Your Name _____ Title _____

1) What products and services does your store offer? Check all that apply.

- ATM/Bank
- Café/Restaurant/Dine-in Deli
- Fuel
- Groceries
- Hunting/Fishing/Camping Supplies
- Pharmacy
- Self-serve Snacks/Drinks
- Other (Specify) _____

2) Do you operate year-round or seasonally?

Year-round Seasonally

3) Who is/are your primary grocery supplier(s)?

4) Who is/are your secondary supplier(s)? What products do they supply?

5) Can you currently obtain the variety of food items you want?

Yes _____ No _____

6) Can you currently obtain the quantity of food items you want?

Yes _____ No _____

7) What would you like to obtain that is currently not available to you?

8) Since the onset of the COVID-19 pandemic, have you seen changes with your supply chain?

Yes ___ No _____

9) Are you receiving everything you ordered from your suppliers?

Yes _____ No _____

If no, list any products for which there have been shortages/backorders.

10) Since the onset of the COVID-19 pandemic, have you seen price increases from your suppliers?

Yes ___ No ___

If yes, list any products affected.

11) Since the onset of the COVID-19 pandemic, are you running out of any specific items due to overbuying by your customers? If yes, which ones?

12) Current Delivery Schedule by Supplier(s)

- Sunday
- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday

13) Your Desired Delivery Schedule (in a perfect world)

- Sunday
- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday

14) Do minimum buying requirements (purchasing/ordering) create a problem for your grocery store?

Yes ___ No ___

If yes, how?

15) If minimum buying requirements are a problem, what solution(s) might you suggest?

16) Are there other stores or food service providers (health care facilities, schools, etc.) with whom you could partner to meet the minimums?

Yes ___ No ___

If yes, list potential partners.

17) Do you feel you are getting fair prices from your supplier(s) compared to chain grocery stores?

Yes _____ No _____

Comments: _____

18) On a scale of 1-5, rate your store on the following qualities. 1 being Poor, 5 being Excellent

Quality of Food (fresh, healthy)	__1	__2	__3	__4	__5
Variety of Food (choices, brands)	__1	__2	__3	__4	__5
Customer Service (friendliness, responsiveness)	__1	__2	__3	__4	__5
Hours of Operation (convenience)	__1	__2	__3	__4	__5
Prices of items offered	__1	__2	__3	__4	__5

19) Do you sell locally grown fresh produce in your store?

Yes _____ No _____

If yes, what products?

20) Do you sell Montana-made food products (jams, sauces, baked goods, etc.) in your store?

Yes _____ No _____

If yes, what products?

21) Would you buy Montana-raised and processed beef if it was available?

Yes _____ No _____ Maybe _____

22) Would you buy Montana-raised and processed bison if it was available?

Yes _____ No _____ Maybe _____

23) If one or more Montana-based tribes could provide locally raised and processed bison and beef cuts, would you buy them?

Yes _____ No _____ Maybe _____

24) Would you like to sell locally produced foods, but encounter barriers?

Yes _____ No _____

If yes, what are those barriers?

- ___ Lack of knowledge by me/our staff
- ___ Prices are too high for our market
- ___ Lack of consumer knowledge of products
- ___ Products not packaged appropriately
- ___ Producers unable to meet our quantity demands
- ___ Products are not certified or do not meet safety standards
- ___ Other _____

25) Have you considered a sales method that would take groceries to areas outside of your community, such as delivery or a mobile market?

Yes _____ No _____

26) Would you have capacity and/or willingness to cross-dock inventory for a mobile grocery store?

Yes _____ No _____

27) Are there other grocery outlets in your community?

- Another grocery store
- Convenience or "quick stop" Store
- Family Dollar Store or other variety store
- No other grocery outlets in the community
- Other

28) What is the distance to the nearest chain grocery or discount store? (Walmart, Albertsons, etc.) _____ Miles

29) How far are your customers willing to travel to get more affordable groceries?

_____ Miles

30) How far are your customers willing to travel to get fresher, healthier, or locally-produced food? _____ Miles

In what other towns are they shopping? _____

31) Do you currently collaborate with other small independent grocery stores?

Yes _____ No _____

If yes, for what purposes? Check all that apply.

- Cooperative advertising/Marketing
- Grocery Distribution Purposes
- Sharing other concerns and/or ideas
- To achieve minimum buying requirements

Other _____

32) What are your average weekly gross sales?

- Less than \$5000
- Between \$5,000 and \$10,000
- Between \$10,000 and \$20,000
- Greater than \$20,000

33) How many years has your store been in business? _____ Years

34) How many employees do you have (not including yourself) _____ Employees

Appendix B

Market Basket Survey Items

- 1) **Ground Beef (80% lean)** (cost per pound)
- 2) **Whole Chicken** (cost per pound)
- 3) **Cheddar Cheese** (sharp or mild, block form, not shredded) (cost per pound)
- 4) **Eggs** (white, non-organic or free range) (cost per dozen)
- 5) **White Bread** (cost per ounce)
- 6) **Red Delicious Apples** (or comparable sweet, red apple) (cost per pound)
- 7) **Russet Potatoes** (or comparable baking potato) (cost per pound)
- 8) **2% Milk** (cost per gallon)
- 9) **Spaghetti Noodles** (cost per pound)
- 10) **Honey Nut Cheerios** (cost per ounce)

Appendix C – Market Basket Survey Summary

City - Store	Total Basket	Chain	Grocery Nearby	Population	Nearest Interstate	Nearest City	On/Near Reservation
Billings - Walmart	\$13.19	•	•	109,868	0	0	
Great Falls - Walmart	\$13.54	•	•	58,627	0	0	
Kalispell - Walmart	\$13.99	•	•	25,288	112	0	
Billings - Costco	\$14.35	•	•	109,868	0	0	
Missoula - Walmart	\$14.63	•	•	77,058	0	0	
Havre - Walmart	\$14.96	•	•	9,751	103	0	
Miles City - Walmart	\$15.06	•	•	8,237	0	0	
Sheridan - Walmart	\$15.13	•	•	30,485	0	0	
Polson - Walmart	\$15.34	•	•	5,262	66	52	•
Malta - Albertsons	\$16.39	•	•	1,921	191	89	
Glasgow - Albertsons	\$16.39	•	•	3,242	260	159	
Miles City - Albertsons	\$16.39	•	•	8,237	0	0	
Williston, ND - Walmart	\$16.52	•	•	27,096	113	0	
Townsend - Bob's	\$16.91			2,198	30	30	
Chinook - Finley's	\$17.20			1,287	124	22	
Lewistown - Town & Country	\$17.44		•	5,762	102	106	
Miles City - Reynold's	\$17.70		•	8,237	0	0	
Wolf Point - Albertsons	\$17.88	•		2,715	101	49	•
White Sulphur -Mathis	\$18.83			944	76	76	
Browning - Family Foods	\$19.55		•	3,760	59	100	•
Harlem - Albertsons	\$19.66	•		861	145	43	•
Pablo - Family Foods	\$19.74			2,655	59	9	•
St. Ignatius - Harvest	\$19.88			854	39	28	•
Big Sandy - Market	\$19.92			573	30	30	
Glasgow - Reynold's	\$20.01		•	3,242	150	159	
Roundup -Van Dyke's	\$20.02		•	1,861	50	50	
Conrad - IGA	\$20.20			2,448	0	60	
Charlo - Charlo Grocery	\$20.45			320	51	23	•
Arlee - Wilson's	\$20.63			0	23	27	•
Polson - Super 1	\$20.82		•	5,262	66	52	•
Hot Springs - Buck's	\$21.23			589	51	46	•
Ft Benton - River Mrkt	\$21.24			1,421	42	42	

City - Store	Total Basket	Chain	Grocery Nearby	Population	Nearest Interstate	Nearest City	On/Near Reservation
Ronan - Harvest	\$21.66			2,222	52	14	•
Polson - Safeway	\$21.67		•	5,262	66	52	•
Denton - Denton Foods	\$21.74			241	90	90	
Browning - Teeple's	\$19.77			3,760	59	100	•
Forsyth - IGA	\$21.76			1,831	0	46	
Harlowton - Midtown	\$21.81			1,094	45	92	
Red Lodge - IGA	\$22.21			2,394	45	60	
Culbertson -Hometown	\$22.34			787	90	103	•
Colstrip - Rosebud	\$22.56			2,274	29	80	•
Valier - Curry's	\$23.30			491	16	83	
Lodgepole - Red Paint	\$23.90			232	188	86	•
Hardin - IGA	\$24.55			3839	0	57	•
Lame Deer - IGA	\$24.94			2,156	51	80	•
Geraldine - Fresh Start	\$28.66			258	67	67	
Lodge Grass - IGA	\$32.26			444	0	40	•
Babb - Thronson's	\$19.04*			160	93	161	•
Neihart - Inconv Store	\$18.39*			49	58	58	

Total Basket * - not all items were available at the store

Chain – Large chain store with own distribution

Grocery Nearby – At least one other grocery store in the community

Nearest Interstate – Distance in miles to nearest interstate highway

Nearest City – Distance in miles to nearest city over 8,000 in population

On/Near Reservation – Located on or in a town adjacent to an Indian reservation

A Look at the Market Basket Survey by Reservation and Rural Communities

	City - Store	Total Basket	Above Low Cost	Nearest Low Cost City	Miles to Low Cost City
Blackfeet	Great Falls - Walmart	\$13.54			
	Kalispell - Walmart	\$13.99			
	Browning - Family Foods	\$19.55	40%	Kalispell	100
	Browning - Teeple's IGA	\$19.77	41%	Kalispell	100
	Babb - Thronson's	\$19.04*	103%	Great Falls	161
Crow					
Crow	Billings - Costco	\$14.35			
	Billings - Walmart	\$13.19			
	Sheridan - Walmart	\$15.18			
	Hardin - IGA	\$24.55	71%	Billings	57
	Lodge Grass - IGA	\$32.26	113%	Sheridan	40
Flathead Reservation					
Flathead Reservation	Kalispell - Walmart	\$13.99			
	Missoula - Walmart	\$14.63			
	Charlo - Charlotte	\$18.46	20%	Polson	23
	Hot Springs - Buck's	\$21.23	38%	Polson	46
	Arlee - Wilson's	\$20.63	41%	Missoula	27
	St. Ignatius - Harvest	\$19.88	30%	Polson	28
	Ronan - Harvest	\$21.66	41%	Polson	14
	Pablo - Family Foods	\$19.74	29%	Polson	9
	Polson - Super 1	\$20.82	36%	WalMart	1
	Polson - Safeway	\$21.67	41%	WalMart	1
	Polson-Walmart	\$15.34			
Fort Belknap					
Fort Belknap	Harlem - Albertsons	\$19.66	31%	Havre	43
	Chinook - Finley's	\$17.20	15%	Havre	22
	Lodgepole -Red Paint	\$23.90	60%	Havre	86
	Havre - Walmart	\$14.96			
	Malta - Albertsons	\$16.39	10%	Havre	89
Fort Peck					
Fort Peck	Wolf Point - Albertsons	\$17.88	9%	Glasgow	49
	Glasgow-Albertsons	\$16.39			
	Poplar - Tande	\$23.34	42%	Glasgow	70
	Poplar - Main Street	\$22.32	36%	Glasgow	70
	Williston, ND - Walmart	\$16.52			
	Culbertson - Hometown	\$22.34	35%	Williston	43
	Glasgow - Reynolds	\$20.01	22%	Albertsons	1

	City - Store	Total Basket	Above Low Cost	Nearest Low Cost City	Miles to Low Cost City
Northern Cheyenne	Miles City - Walmart	\$15.06			
	Miles City - Albertsons	\$16.39	9%	WalMart	1
	Miles City - Reynold's	\$17.70	8%	WalMart	2
	Forsyth - IGA	\$21.76	23%	Miles City	46
	Colstrip - Rosebud	\$22.56	50%	Miles City	80
	Lame Deer - IGA	\$24.94	65%	Sheridan	80
	Sheridan, WY - Walmart	\$15.13			
Rocky Boy	Great Falls - Walmart	\$13.54			102
	Havre - Walmart	\$14.96	10%	Great Falls	28
	Big Sandy - Market	\$19.92	47%	Great Falls	30
Other Rural Communities	Fort Benton - River	\$21.24	57%	Great Falls	42
	Denton - Market	\$21.74	61%	Great Falls	90
	Geraldine - Fresh Start	\$28.66	44%	Great Falls	67
	White Sulphur - Mathis	\$18.83	39%	Great Falls	98
	Neihart - The Store	\$18.39*	130%	Great Falls	58
	Valier - Curry's	\$23.30	72%	Great Falls	83
	Conrad - IGA	\$20.20	49%	Great Falls	60
	Townsend - Bob's	\$16.91		Helena	30
	Harlowton - Midtown	\$21.81	52%	Billings	92
	Lewistown - T&C	\$17.44	32%	Billings	125
	Roundup - Van Dyke's	\$20.02	52%	Billings	50
	Red Lodge - IGA	\$22.21	68%	Billings	60

Total Basket * - not all items were available at the store

Above Low Cost – Percentage above comparable items in the nearest low cost city

Nearest Low Cost City – Nearest accessible community (or store) with the lowest prices

Appendix D – Montana Demographic Information, 2014-2018

Montana Averages

Median Household Income: \$52,559
Per Capita Income: \$29,765
Percentage Below Poverty Level: 12.9%
Percentage with *SNAP Benefits: 10.6%

Blackfeet Reservation

Median Household Income: \$26,264
Per Capita Income: \$14,740
Percentage Below Poverty Level: 36.8%
Percentage with SNAP Benefits: 19.4%

Crow Reservation

Median Household Income: \$47,454
Per Capita Income: \$14,740
Percentage Below Poverty Level: 31.4%
Percentage with SNAP Benefits: 16.3%

Fort Belknap Reservation

Median Household Income: \$30,875
Per Capita Income: \$12,921
Percentage Below Poverty Level: 43.5%
Percentage with SNAP Benefits: 34%

Fort Peck Reservation

Median Household Income: \$36,786
Per Capita Income: \$16,603
Percentage Below Poverty Level: 30.8%
Percentage with SNAP Benefits: 18.3%

Northern Cheyenne Reservation

Median Household Income: \$46,300
Per Capita Income: \$14,602
Percentage Below Poverty Level: 35.3%
Percentage with SNAP Benefits: 27.5%

Rocky Boy's Reservation

Median Household Income: \$28,897
Per Capita Income: \$11,217
Percentage Below Poverty Level: 38.9
Percentage with SNAP Benefits: 34%

*SNAP is USDA's Supplemental Nutrition Assistance Program

Source: Montana Census and Economic Information Center,
American Community Survey 5-year 2014-2018