



February 2018

LOSING LOCAL?

The Unfulfilled Promise of Local Food Access
in N.C. Supermarkets

LOCAL ORGANIC Y'ALL

EXECUTIVE SUMMARY

In 2017, Local Organic Y'All conducted new and extensive research into local-organic sourcing and selling by the twenty supermarket brands operating in North Carolina. This follows on our 2016 research summarized in the report “Many Miles To Go: Locally-Grown Organics in North Carolina Supermarkets.”

FINDINGS

- Grocers are facing intense competition and upheaval with the entrance and expansion of several new brands in the Carolinas and the destabilizing Amazon acquisition of Whole Foods Market. To what extent can local sourcing and selling remain corporate priorities in the face of such competitive pressure?
- Our research found a decline in locally-grown product on store shelves and deteriorating signage and story-telling about farms in most stores. While the availability of organics to consumers continued to increase across brands, the fact that the vast majority of this was non-local makes it a mixed blessing.
- Supermarket company investment in food infrastructure remained very weak, although company investment in new stores and store refreshes was strong. How to convince grocers that local food infrastructure investment is in their best financial interest, helping them to sell more high-margin product?
- Slowly, but steadily, dialogue has been improving between supermarkets and small-medium size local farmers, along with allies from the food movement.
- In the meat, egg and dairy segment, the availability of humane, pastured product has been improving rapidly, while local suppliers remained rare.
- In our 2017 ratings, Whole Foods Market, Lowes Foods and Ingles took the top spots, with Kroger/Harris-Teeter, Food Lion and Walmart also making good efforts. While all of these chains can continue to improve, they should be commended for their work. Notably, Walmart was found to be much more local-friendly than its rival Target.
- Popular grocers like Publix, Earth Fare, The Fresh Market and Sprouts Farmers Market scored poorly on their support of local foods, focusing instead on organic product. These stores have great room for improvement. Ironically, grocers with many rural stores like BI-LO, Piggly-Wiggly and IGA had little identifiable local on offer.
- Limited offering stores like Trader Joe's, Costco, Aldi, Lidl and Save-A-Lot demonstrated weak support of local food, with business models that are mostly antithetical to its success. Trader Joe's did substantially better than the other four. If shoppers want to buy local, these stores at present are generally not the best option.

RECOMMENDATIONS

Supermarket chains and food retailers can:

- Re-examine their efforts to address our five best practices: local foods goals, planning and procedures; staff training and farmer networking; accurate and story-rich labeling and signage in stores; special attention to meat, eggs, and dairy; and investment in local food infrastructure (food hubs, processing, new farmer training, etc.)

- With 100 miles as a benchmark, rein in faux “local” and “local” as a marketing gimmick. End the misuse of the term “farmers market.” Take care with confusing the terms “natural” and “organic.” Recognize that local foods contribute to the local economy, protect nearby open space and water quality, and are grown by farmers near enough to know and visit. (A farm 500 miles away is not local, even if in a near-by state or in the same growing region.) Avoid confusing consumers into thinking that hydroponic is equivalent to soil-based organic farming.
- Stay focused on certain fruits and vegetables that need development in the Carolinas: string beans, blueberries and strawberries, leafy greens, cucumbers, tomatoes, peppers and carrots, for example. Support and communicate to customers about season extension efforts that can bring early and late harvests.
- Get more aggressive in adopting advanced technology (block chain, e.g.) to track product from individual farms to store shelves, informing customers better about products with less hassle and cost.
- Support emerging efforts to bolster local processing in its many forms, but especially canned and frozen foods.
- Increase efforts to teach about cooking. As interest in and knowledge of home cooking declines, work with local chefs and cooking teachers to spread cooking knowledge. Provide cooking spaces in stores and pay for trainers.
- As the “grocerant” trend accelerates (grocery store as restaurant), introduce local foods into supermarket prepared foods, taking advantage of imperfect-looking produce.
- Support key groups like Carolina Farm Stewardship Association, the Center for Environmental Farming System’s N.C. Growing Together, Got to Be N.C., Feast Down East and the Appalachian Sustainable Agriculture Project.

Shoppers can:

- Make detailed requests to store managers to stock specific locally-grown organic products in their supermarket.
- Enthusiastically buy local product when available, as each person’s budget allows. Stay educated on which items have the most pesticide residue, in order to prioritize those as organic.
- Continue to support, praise and shop with food retailers that are supporting local foods (as outlined in this report) and encourage those that are starting to do more. Use social media to spread the word.
- Commit to cooking more at home. Learn about new ways to cook seasonal local produce. Try recipes that use smaller portions of more expensive local meat in multi-ingredient dishes.
- Support key groups like Carolina Farm Stewardship Association, the Center for Environmental Farming System’s N.C. Growing Together, Got to Be N.C., Feast Down East and the Appalachian Sustainable Agriculture Project.

Farmers can

- Get more training and do networking to understand the systems and constraints of large retailers.
- Address food safety procedures, insurance and packaging issues, to help them overcome these hurdles. Aspire to a standard like harmonized GAPs. Work together with other farms to increase aggregated supply through co-ops and hubs such as Eastern Carolina Organics.
- Support key groups like Carolina Farm Stewardship Association, the Center for Environmental Farming System’s N.C. Growing Together, Got to Be N.C., Feast Down East and the Appalachian Sustainable Agriculture Project.

THE 2018 RANKINGS



Store	Total Score* (max 100)	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs & meats	Resources to farmers & infrastructure
FULL SERVICE STORES						
Whole Foods Market	76 +4	15	18	14	19	10
Lowes Foods	58 -4	15	10	12	11	10
Ingles	53 +9	12	6	15	10	10
Harris Teeter/Kroger	40 +12	10	10	7	13	0
Food Lion	30 +7	6	10	8	6	0
Walmart	25 +4	8	6	5	6	0
Earth Fare	19 -7	3	0	5	6	5
BI-LO	17 -3	5	3	4	5	0
Fresh Market	14 +6	4	5	0	5	0
Publix	12 +5	3	6	0	3	0
Sprouts FM	12	2	3	0	7	0
Target	7 +3	3	0	0	4	0
Piggly-Wiggly	7 -4	1	1	0	5	0
IGA	3	1	1	0	1	0
LIMITED-OFFERING STORES						
Trader Joe's	12 +7	4	5	0	3	0
Aldi	7 +1	4	3	0	0	0
Lidl	7	2	3	1	1	0
Costco	4 -4	2	0	0	2	0
Save-A-Lot	1	0	0	0	1	0

* and compared to 2016 score

NORTH & SOUTH CAROLINA STORE COUNTS, 2018

N.C. #/S.C.

Food Lion 494/38	+++++
Walmart 170/84	+++++*****
BI-LO 35/125	+++++*****
H. Teeter 130/25	+++++*****
IGA 63/61	+++++*****
Ingles 64/35	+++++*****
Publix 37/59	+++++*****
Piggly-Wiggly 54/43	+++++*****
Aldi 59/31	+++++*****
Lowes Foods 71/10	+++++**
Target 52/22	+++++****
Kroger 14/35	+++*****
Save-A-Lot 27/19	+++++****
Fresh Market 22/9	++++**
Lidl 10/8	++**
Whole Foods 10/4	++*
Earth Fare 9/5	++*
Trader Joes 9/3	++*
Costco 8/5	++*
Sprouts 1/0	-
Wegmans 0	coming in 2019

<u>+</u> = 5 N.C. stores
<u>*</u> = 5 S.C. stores

Note: Estimated numbers. SC stores included for informational purposes and due to market overlap. One Walmart Supercenter has sales equal to three Food Lions or two Harris Teeters; even larger, a Costco store equals two Walmarts. Piggly-Wigglys and IGAs are found in rural towns and have smaller sales per store.

LOCAL-ORGANIC SOURCING AND SELLING UPDATE

INTRODUCTION

If local food is still a driver of change in mainstream supermarkets, the evidence has not yet shown up in North Carolina stores. While organic product from out-of-state is surging, sourcing and selling of *local* product appears stagnant or moving backwards. One might conclude that the promise of “local” in North Carolina grocery stores is dying. Is this a result of the intense competition in food retail today, where companies are fighting for sheer survival and have little time for any activity that does not pay off in immediate sales and margin benefits? Or is the blame more properly laid at the feet of the food movement which has not convinced enough shoppers to request and buy more local products? In the end, the buyer is king.

Across the board, our 2017 research found little local product on supermarket shelves and less than in 2016. This was despite seeing ample local supply and huge variety at farmers markets and co-op grocery stores during the same time period. Marketing hype for “local” varied by supermarket company, but, overall, it remained near the levels we saw last year and threatens the sellers of authentic local food in direct markets. The amount and quality of useful signage had declined across the board and electronic signage was not found. Financial resources from traditional retailers had not yet flowed into support for local growing and processing. This was a disappointment. One bright spot was that dialogue between sustainable farmers and supermarkets is becoming more robust, in some corners of the industry. It was also somewhat encouraging that on average scores on our rating system went up two points per company.



Today, access to local food remains the privilege of those who feel welcome at and with money to shop at farmers markets, co-ops and high end supermarkets. Local food, with its benefits of taste, freshness and authenticity, has become just another luxury. As “local” stagnates, certified organic products from California, Canada, Mexico and Europe are more widely available and affordable than ever, a good thing except that it puts so much pressure to water down the organic label. In the supermarket, organics from distant, mono-crop mega farms has won the battle against organics from locally-based small to medium-sized family farms, for now at least.

BACKGROUND

In 2016, we conducted research into the local-organic performance of sixteen supermarket brands operating in North Carolina. In 2017, we expanded this research to include additional companies (IGA, Lidl, Save-A-Lot and Sprouts Farmers Market), bringing the total to twenty brands. These brands are operating over 1,340 food stores in North Carolina. This represents over \$7 billion in annual food sales and millions in profits. We continued to rate the companies on our five best practices, which looks at actual sourcing and sales as well as efforts to expand. We visited more stores this year, including sites in Asheville, Charlotte, Winston-Salem and the Triangle, and visited multiple stores for most brands.

As in 2016, the best practices for local sourcing and selling remain:

- establishing concrete goals, plans and procedures;
- staff training, company liaison with farmers and buyer-farmer networking;
- accurate and rich in-store labeling of a reasonable variety and volume of product;
- special attention to the challenges of sourcing high quality local eggs, meat and dairy;
- investment in rebuilding the local and organic food infrastructure.

The 2016 study established a 100 point ranking scale to estimate the local-organic performance of the sixteen companies. We continued that method for the 2017 update. The ranking is based on the best practices, assigning twenty points per practice area.

FINDINGS

COMPETITION In the past year, reflecting national trends, the already very competitive retail food industry in North Carolina has become an even more crowded battleground. Lidl is expanding fast -- as a prettier version of Aldi. Wegmans will open stores in 2019 that will likely dazzle with selection and quality, and possibly local sourcing. Then there is the Amazon acquisition of Whole Foods, which, honestly, no one yet understands. These three companies may be key drivers of change in the next few years, even as Walmart and traditional players like Kroger-Harris Teeter and Food Lion try to maintain market share. And it is worth noting that all this competition, while keeping prices low, does not mean that food choices are improving; no matter where one shops, the same products from the same mega-farms or processors (but with different labels) are on offer.

A RETREAT The retail food industry as a whole has retreated from its embrace of local foods and local foods marketing. In many stores, the photos of farmers are fading. The new watch words for grocers are “healthy” and “transparent.” As one report put it, there is “an upheaval at the grocery store, ... as millennials and moms seek healthier and more transparent products.”¹ “Healthy” easily translates into a desire for fresh, organic fruits and vegetables, and high quality meat and dairy. Both freshness and transparency can imply “local,” if someone makes the connection. Moreover, the healthy trend can drive home cooking, a good thing for grocers. For example, vegans, vegetarians and gluten-free shoppers turn to supermarkets when restaurants don’t serve them; they are often concerned about where their food comes from. Retailers also are still firmly convinced that shoppers judge the quality of an overall store by the appearance of the produce section. Thus, all is not lost if retailers retreat from touting “local.” Since no one is disputing that local products are generally fresher and more transparent than non-local, local foods may triumph in the end.



The ability to grow a wide variety of organic produce year-round in North Carolina is only getting stronger....We routinely saw forty different types of local produce at farmers markets on a single day and not just in summer.

DEFINING LOCAL With the retreat from local, the debate over the definition of “local” has become less relevant. More retailers were using the term “regional,” which is a sign of some forethought. Retailers who were abusing the local label in 2016 were still doing the same thing in 2017. Kroger’s claim of hundreds of local items and Costco’s local eggs from 8 hours away were classic examples. Perhaps the introduction of Wegmans will remind some retailers that they can do better. Whole Foods Market maintained laudable transparency in showing side by side the copious amount of organic and smaller amount of local (see cover photo.) We continue to support a definition of “local” that would limit the distance to a short drive from farm to consumer (50 to 100 miles maximum) and within the local economy and watershed. Product sourced from further away would be called “regional,” “North Carolina grown” or “from the South.”

PRICING The pricing of local and organic foods remained mysterious. Amazon, for example, has been both lowering and raising prices on various items at Whole Foods Market, known for its higher prices, and with little rhyme or reason to outsiders. Our review of pricing at many supermarkets revealed similar pricing across many products and brands, with numerous sales and confusing packaging making it difficult to comparison shop. Local organic blueberries at one store might be cheaper than the conventional product across town on Wednesday and then higher on Friday.

SO MUCH VARIETY The ability to grow a wide variety of organic produce is only getting stronger in North Carolina, if what is available at farmers market and co-op stores is any indication. We routinely saw forty different types of local produce at farmers markets and co-op stores on a single day, and not just in summer. Season extension efforts are

¹ H.B. Evich and C. Boudreau, “The big Washington food fight,” *Politico magazine*, November 26, 2017, online edition.

moving forward well; good-tasting, local organic strawberries in fall and winter are the kind of product we can look forward to in the future. One publication offered this: “Given our geographic location, our climate and our history, North Carolina is a major player in the continuum of producing Southern vegetables,” notes Kevin Hardison, horticultural marketing specialist for the North Carolina Department of Agriculture (NCDA). “With our seasonality of product, North Carolina is pretty much open for business throughout the year for a variety of commodities.”² Yet, on supermarket shelves during the bounteous summer season, we saw very little local product.

INTERNAL SYSTEMS In 2017, as in 2016, we have heard very few hopeful stories of innovation and problem-solving in the realm of receiving and inventory control. In theory, web-based technologies like “blockchain” (see page 15) might revolutionize food tracking systems -- if they were actually adopted by the supermarkets. But not yet. Regarding food safety, small farms have heard the message loud and clear that GAPs or Harmonized GAPs food safety certifications are necessary to get in the door. Slowly, more farms are getting on board. The biggest frustration appears to be how complex and opaque the process is to gain contracts. This is where better communication from store personnel can make a difference. Internet forms found at some store websites are a step in the right direction. But, ideally, local farms should have a better way to access supermarket buyers than to apply through an anonymous online process. If a farmer never hears back, what does that mean? Perhaps, in the future, technologies like blockchain can lower the cost of routine communication, freeing up resources for the handholding needed at the beginning of the relationship. Last but not least, one good option is for small farms to band together in cooperatives like Eastern Carolina Organics.

RATINGS For the 2017 report, we once again have rated companies against our set of best practices. We recognize that it is more difficult to source and sell “local” for large chains than small ones. Likewise, limited-offering stores, expected to offer rock bottom prices or specializing in importing, have nearly insurmountable hurdles to sourcing local. It is noteworthy that a number of the large chains out-performed the small chains on local. Are these smaller chains even trying?

TOP PERFORMERS If the acquisition of Whole Foods Market by Amazon is a threat to their pattern of excellent local sourcing, that change has not appeared yet. As in 2016, Whole Foods Market was the top performer in local sourcing and selling in North Carolina in 2017. The company gained four points to reach 76 points on our 100 point scale. The company scored well in all categories and primarily needs to improve in its investment in local food infrastructure. In-store signage could be tightened. Lowes Foods and Ingles held onto their two and three spots, with scores of 58 and 53 respectively. Ingles’ score improved impressively. Both chains remain engaged with the local food movement and have strong marketing efforts. For both chains, product in the store is weaker than would be expected, given their laudable behind-the-scenes work.



It is noteworthy that a number of the large chains out-performed the small chains on local. Are these smaller chains even trying?

MIDDLE OF THE PACK Tellingly, the top four large chains performed better than the rest of the small chain companies. Harris Teeter/Kroger, Food Lion, Walmart and BI-LO could all be doing more, but deserve praise for their efforts. Harris Teeter/Kroger scored 40 points on our rating scale, while Food Lion scored 30 points. Harris Teeter and Kroger have launched splashy local marketing campaigns. Food Lion in particular deserves credit for engaging more with the local food movement and for its transparency.

POOR PERFORMERS The Fresh Market, Earth Fare, Publix, Sprouts Farmers Market and Piggly-Wiggly had dismal performances. It was very hard to find any local product at these retailers, despite (or because of?) their small store counts in our state. This mirrored their poor performances in 2016. None of these grocers communicated with us. Trader Joe’s did, and had a little more local than its name might imply, which hopefully is a sign of good things to come.

NON-PERFORMERS Discounters Aldi, Lidl, Costco and Save-A-Lot, plus large chains Target and IGA had virtually no local product. The bright side with these retailers is that some were expanding their organic offerings, a potential first step

² Doug Ohlemeier, “Marketing Southern Vegetables,” *Produce Business*, May 1, 2017, online edition.

toward better sourcing. Those few retailers with virtually no organic items (Piggly-Wiggly, IGA and Save-A-Lot) are serving communities on the lowest economic rung, a reminder that some communities simply do not have sufficient family income to purchase higher quality food.

IN THE STORE Overall, as in 2016, store signage was poor and stores continued to claim “local” for products that came from relatively far away. Some stores have said the lack of signage is intentional, as they wish to communicate with shoppers other ways (TV, radio, internet.) Nonetheless, information detailing specific farm names, locations and stories, whether on packages or store shelves, is essential for better transparency. As in 2016, where is the smart technology that would translate product tracking into focused communication with shoppers? We saw zero. Will new technologies like Block chain help with the marketing? Industry observers in trade publications like *Supermarket News* think yes.

PARTNERS Partnership between supermarkets and the local food movement including university and non-profit programs, is growing and strengthening. But to companies like Publix, The Fresh Market and Sprouts Farmers Market: where are you? N.C. Growing Together continues to provide excellent programming, technical assistance, networking and research. They are going deeper into the difficult problems that retailers and farmers face. Supermarkets should take advantage of their help while they still have full funding. Carolina Farm Stewardship Association and Appalachian Sustainable Agriculture Project are also excellent sources of information and farmer networking, and can be partners on infrastructure development. That said, public-private partnership to invest in local food infrastructure involving supermarkets is still mostly a dream. Recent difficulties in meat processing once again revealed how fragile our food infrastructure is. There exists great opportunity for smart companies to partner with local farmers, government and non-profits to expand infrastructure, growing the supply of high margin products, while reaping sizeable public relations benefits. Wegmans, anybody?

METHODOLOGY

This is our second review of local and organic sourcing and selling in the North Carolina supermarket industry. “Many Miles To Go,” our first report, was released on November 16, 2016. In 2017, we continue to focus on fresh fruits and vegetables, as well as cage-free and pastured eggs, grass fed ground beef as an example of pastured meats, and fluid whole milk as an example of dairy. We are in our third overall year of research. This year we have expanded the number of companies that we are tracking, adding IGA, Lidl, Save-A-Lot and Sprouts Farmers Market. This brings the total number of store brands to twenty and companies to nineteen. We have included big box and traditional full service grocery store chains, but not food cooperatives or drug stores. We chose not to rate food co-ops, with their small scale and local missions, since they are already doing a good job with local sourcing and selling. Drug stores typically sell too many other non-food products to be expected to focus on local foods.

The report is framed around our set of five best practices, which are listed in the appendix. Retailers that follow these best practices can succeed at local sourcing and selling, to the extent that it is currently possible, and will help to set the stage for future improvements. In the late summer of 2017, in the height of produce season, we visited stores of all the companies, seeking out typical store locations for each brand. Where possible, we visited multiple store locations for each company. Most visits occurred within a week of each other, to compare seasonal local offerings from store to store. Our researchers analyzed the variety and volume of organic, and locally or regionally grown produce, meat, milk, and eggs, as well as store signage practices. Previously, we had visited stores in September 2016 and October 2015.

For the report, the project continued to track supermarket industry trade journals, such as *The Packer*, *Supermarket News* and *Progressive Grocer*, as well as industry blogs and mainstream business press coverage of the industry. In addition, we reviewed recent books and reports on the food retail industry. We reviewed websites of the companies, and specifically their web-based information on local growers, sustainability and corporate social responsibility.

In February 2018, the project corresponded with officials at twenty supermarket brands, owned by nineteen parent companies (as Kroger owns Harris Teeter.) Correspondence went to CEOs and produce and/or media relations staff, depending on our recent contacts. As occurred in 2016, each company received a copy of their draft profile and ranking, and a copy of our best practices. Companies were asked to offer corrections and comments. This information was incorporated into the profiles and scores.

COMPANY PROFILES

(in alphabetical order)



Lots more organic and almost nothing local

In the past year, Aldi has expanded its organic offerings, with prominent signage; the store now has an organic section typical of other grocery stores. The only local products on offer were muscadines from Cottle Farms in Faison (90 miles away), which was also offered last year. “Local” signage has disappeared. There is nothing in the store to highlight farmers in any way. Zucchini and string beans were sourced from Florida. They were using a green pepper supplier from Georgia, Southern Valley Fruit and Vegetable, which is woman-owned and family-run, and uses IPM and other sustainable growing methods. The peppers were grown in Tennessee and sported a Grown in TN sticker. As in 2016, Aldi’s produce was mostly from California, Michigan, Florida, Mexico and Canada.

As in 2016, this was still the only store visited for our study that did not offer at least one cage-free egg product. The company has a public pledge to stock cage-free eggs at all its stores by the end of 2016, but we did not see evidence of that. The store did not carry organic milk. The store continued to carry grass fed beef that was sourced from three different countries in one package: USA, Australia and Uruguay.

The company’s website had a brief section on organic and local produce. The company’s claim to have organics in its stores was accurate, but the local claim was not. The website said: “We team up with local farms to help you get the freshest produce at low prices. Look for the logo to find fresh fruits and vegetables grown on a farm near you.” As stated above, there was very little local and virtually no local signage.

Aldi is a discount store with a limited selection of lower-priced items; its business model is not supportive of local.

An ALDI official did respond to our study inquiry in 2016 with specific information.

N.C./S.C. stores: 59/31

Company data: Owner Aldi Sud (South) is one of the world’s largest privately-owned companies, and is based in Germany; 1,400 total U.S. stores; 10,000 worldwide. Sister company Aldi Nord (North) owns Trader Joe’s. The companies operate independently.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	4	3	0	0	0	7

More choices with Aldi and Lidl?

This year's entry of Lidl into the US market has many asking about the strategies of both Lidl and the other German disruptor, Aldi. In this article excerpt, a British journalist suggests that more efficiency is driving down prices and more choice will be the end result. Really? More likely, consumers will have fewer choices as these hyper-efficient retailers hollow out local food economies. What do you think?

"How are (Aldi and Lidl) doing it?"

Discounters have some distinct advantages over big supermarkets. They don't buy from brands so they don't have to pay a premium to get their products onto their shelves, and the mark up on the products they do buy tends to be a lot higher. They're part of massive international businesses, which gives them the power to negotiate good terms with suppliers. In fact, their scale is

such that their bargaining power can be greater than all the UK retailers, with the exception of Tesco.

They carry a limited range of products: Where their rivals may have tens of thousands of products in their stores, Aldi and Lidl are more likely to have one or two thousand. That means they have less money tied up in stock. They are very low cost operations. They don't have expensive superstores, just relatively small stores, which need fewer staff to man them. They've even invested in things like conveyor belts that drop shopping straight into trollies and have put bar codes on both sides of products to save workers time. Being so efficient lets them extract every possible cost saving from the business.

What does it mean for us?

It's good news for shoppers because as the discounters grow and open more stores, we get more choices. And our shopping gets cheaper, because UK supermarkets are lowering prices to stay competitive, creating yet another industry price war."³

³ "What's behind the rise of discount supermarkets Aldi and Lidl?," Clare Hutchison, The Evening Standard (UK), November 17, 2015. [Losing Local?: The Unfulfilled Promise of Local Food in N.C. Supermarkets](#), pg. 12



With a just-announced bankruptcy, can new management and store refreshes lead to any more local product and labeling?

Like Food Lion, BI-LO parent Southeastern Grocers is in a difficult spot, competing for the price-sensitive shopper and facing stiff competition from the likes of Walmart, Costco, Lidl and Aldi. As its name implies, low prices are essential. The company has been investing in store upgrades and converting some stores to the Harveys brand, to offer a fresh look. Southeastern Grocer also owns Winn-Dixie. Our visits to BI-LO stores revealed that, indeed, some stores have been refreshed and look much more modern than the older style store, which feels like something from the Seventies.

Last year, the company communicated with us about its desire to source more local products. The websites for BI-LO, Harveys and Winn-Dixie, which are identical, make strong claims about local sourcing. However, during our visits, from what we could see, sourcing of local product remained at low levels and no signage indicating “local” anything was found in the refreshed stores. Older stores still had posters of local growers and buyers. Even at the refreshed stores, organic sections were very small.

If BI-LO is sourcing from local farmers, as they claim, there was no way to know at the store or shelf level. In the Black Mountain store, an old-style location, we found no products labeled local. Corn was colorfully labeled as “Grown in the U.S.” (The signage was branded with the name “SE Grocers,” which might not mean much to a shopper.) Photos of Bill Peltier and Barry Starnes were shown on large signs as local buyers. One sign reads: “Doing that job well results in finding enough area farmers to ensure that produce doesn’t have to travel more than 100 miles from where it is picked.” The store still had signage to tell shoppers how BI-LO defines local, which is laudable. In a refreshed store near Charlotte, the produce quality looked good. Organic items were mostly from California. There were items which may have been local, but were simply labeled “Product of USA.” Stickers or shelf labels, or even some better information on packaged produce, would tell a much better story than is currently happening.

We did find grass fed beef, organic milk from Organic Valley and a wide selection of quality eggs. None of these was local.

N.C./S.C. stores: 35/125 Company data: Based in Jacksonville; parent, Southeastern Grocers; owned by Lone Star Funds; 180 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	5	3	4	5	0	17



Record organic sales and virtually zero local

Costco wants to sell more organic products, at a lower price point, and has invested in buying its own organic farms, for example. This is how nationwide it is selling \$2 billion in organic products annually, more than Whole Foods Market. That is impressive. However, Costco’s choice of organic suppliers tells a story of where organics will head if local is abandoned as a value. (Is this where Amazon will take Whole Foods?)

Case in point: the store we visited in Durham offered Flav-R-Pac frozen organic string beans from NORPAC Foods in the Pacific Northwest (corporate home of Costco.) As the package said, NORPAC is a farmer cooperative with a goal of sustainable growing methods. Considering that string beans grow well in the Southeast and that we have our own farmer co-ops, why would we want to buy frozen beans shipped under refrigeration all the way from Oregon? The store also carried Canadian greenhouse grown cucumbers (Mucci Farms), in the height of field-grown cucumber season in North Carolina. The package said that the cucumbers had been picked on July 28 or sixteen days in the past. Would you want to buy a cucumber at the farmers market that had been picked sixteen days ago? (The product may still be relatively fresh because it is in a plastic bag filled with nitrogen. Is this what we want?) Costco offered Canadian tomatoes from Sunset and Canadian bell peppers from Mucci Farms. Packaged fresh organic green beans were from Pero Farms in Florida and organic squash was from Wholesum Harvest. Wholesum Harvest is another interesting case, with acres of high tech under-glass production plus open fields, growing mainly in Mexico, according to its website. The company has one operation in Arizona and two in Mexico. Oddly, the package at Costco said that the product was from California. Perhaps additional contract growers. All very complicated and industrial.

Costco carried cage-free and organic eggs. Its Latham Farm organic eggs were labeled “local,” when they came from 350 miles away. Frozen grass-fed beef was supplied by Don Lee Farms, based in California. The company has a 140,000 square foot warehouse and distribution center in Texas, which supplies the East Coast. Costco is clearly not selling artisanal grass-fed beef. As in 2016, there is no informational signage about the produce except an occasional organic label and the words “Fresh Produce” over the giant entrance to the produce cooler area. There is some helpful information about farms/suppliers on the packages. Costco’s websites has no information about suppliers. Perhaps more than any current retailer, Costco is becoming the anti-local food purveyor.

Only two percent of Costco stores are located in the Carolinas.

N.C./S.C. stores: 8/5 (Note: One Costco is equal to six Food Lions in sales.)

Company data: Based in Issaquah, WA, public; 705 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	2	0	0	2	0	4

Blockchain to the rescue?

Blockchain technology is the computer infrastructure that makes virtual currencies like Bitcoin possible.

According to Elliott Maras in *blockchain tech news*, blockchain technology consist of “a decentralized network of servers that can receive data from sensors in real time. Once the data is recorded, it can be accessed by all participating servers and cannot be edited or manipulated.” This creates a secure and truthful digital ledger.

In the past year, blockchain has exploded on the scene as a powerful new tool for food systems to track the location and production practices of agricultural products, and even their ripeness and taste profile. The technology will someday soon make it possible for a shopper to scan a code on a package of carrots and instantly see reliable information about the carrots in that specific package: On what farm were they grown and how? When were they harvested, shipped

and received? How were they handled along the way?

Advocates of blockchain believe that it can finally solve the problem of reliably verifying origin claims. With little cost or hassle to retailers or growers, they can ensure that food labeled as “local” is actually local. Elegant systems in the future will be able to tie this information into in-store marketing. Imagine a big case of local corn talking wirelessly to a video monitor, which then sends out a verified message to shoppers looking for fresh, local corn.

From a labor standpoint, store employees would simply receive the shipment, stock the shelves and turn on the store’s computer. How much easier this would be than constantly writing down farm names on cards, and having to switch out the cards whenever a new shipment came in. Blockchain is coming to food and none too soon; local food lovers take cheer.



Pictures of scruffy organic farmers, produce from industrial-scale organic growers

Earth Fare’s slogan is “healthy food for everyone.” The North Raleigh Earth Fare store had an impressive-looking produce section and was clearly engaging with the “eat healthy” and “free from” movements. It had large, attractive signs, touting the health benefits of organic food and showing pictures of scruffy organic farmers. The pitch seemed aimed at getting especially young people to eat better and eat organic. That’s good. And there was a lot of organic food on offer.

Another sign said that their mission is “To connect communities and improve lives through food.” Given the almost complete lack of local produce, the part about connecting communities rings hollow. This is not where a shopper would want to come, if eating local was their goal. There was virtually no specific information about farms, locations and other suppliers, and most of the organic produce was from far away. We found organic red peppers from Holland and organic zucchini from the Ohio area. Conventional peaches were sourced from a 3,000 acre farm in New Jersey, Sun Valley, and tomatoes were from Canada. Organic blueberries were sourced from Homegrown Organics in California (admittedly a terrible name if accuracy is the goal.) Nonetheless, Homegrown Organics is an eighty farmer fruit co-op, with a good story to tell, if the store wanted to tell stories about the food. If a shopper lived on the West Coast, they might find their fruit to be an excellent choice. Organic string beans were from Pero Farms, the same supplier as Costco and others. These offerings show a stark difference between rivals Whole Foods Market and Earth Fare; WFM has invested in local sourcing and has the product to show for it. Earth Fare, not so much.

All eggs were cage-free, which is great. Milk (non-organic) was sourced from Homestead Creamery in Virginia. In front of the store was a chalkboard sign featuring Southern Dairies Milk, and saying “locally sourced from Asheville, N.C.” Is Asheville a local milk source for North Raleigh? In the meat area, there was large signage extolling the virtue of pastured animals, which is a good thing. There was ample grass-fed meat products, but from Australia and not local. Needless to say, that pasture land doesn’t help our local ecosystem or protect local farmland from development.

The Earth Fare website stated that: “we make it easy for you by offering the broadest selection of local and organic fruit and veggies.” The organic claim stands up, but the local claim does not. The website correctly does not claim to source local meats and does claim to source grass fed/pastured meats. The website correctly states that local dairy is available. The website could discuss openly the challenges of local sourcing and also provide examples of suppliers, telling their stories. Such transparency would build shopper trust. The company did host a local vendor fair in 2017 to supply product for a new Charlotte store, according to a company press release.

Earth Fare has grown rapidly in recent years and has a reputation for under-staffing stores.

N.C./S.C. stores: 9/5 Company data: Based in Fletcher, N.C.; owned by private equity firm; 38 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	3	0	5	6	5	19



Food Lion continues to improve where it counts

As the largest supermarket company in the Carolinas by store count, what Food Lion does is especially important. Considering its non-luxury shopper demographic, Food Lion has a reasonable amount of organic and local produce in its stores. The store continues to undersell its local sourcing, which may make sense for its target shopper who is likely more interested in “fresh and affordable” than a narrative about farms. Its produce sections are modest, fitting in with smaller, less glamorous stores. Store refreshes may change that, but it is unlikely that Food Lions will have fancy produce sections any time soon. In short, Food Lion is more about the walk than the talk. We hope they continue to improve. (So far, results are good going against Lidl’s new competition.)

From an article in Supermarket News in July 2017: *“With market trends toward fresher, healthier eating, our customers increasingly appreciate local produce not only because of its perceived freshness, but because buying these products supports their communities,” noted Chris Dove, director of produce category and merchandising for Salisbury, N.C.-based Food Lion. “It’s clear that local assortment is a significant contributor to our emotional connection with shoppers.” Thanks to the campaign, summer 2016 produce sales of local items in North Carolina stores rose almost 22 percent.*

We visited Food Lion stores in Gastonia and Chapel Hill. In Gastonia, we found local green beans, peaches, and cucumbers, conventional. The tomato selection was complex, with conventional product from Canada, Mexico, and Hendersonville, N.C. or Florida (unclear), plus organic product from Canada and the US but packed in Canada. The “Local Goodness” displays in the Chapel Hill produce section featured sweet potatoes, squash, zucchini, tomatoes and cucumbers, all conventional. (“Local Goodness” is being expanded beyond N.C. and into other departments.) We also saw what appeared to be local corn. It was not completely clear, but it appeared that most of these items came from Burch Farm in Faison, N.C. and Patterson Farm in China Grove, N.C. Burch Farms cultivates an immense 6,500 acres total (10 square miles.) 1,100 acres of that is certified organic land, on which it grows sweet potatoes and butternut squash. Patterson Farm is a smaller operation focusing on tomatoes, cucumbers, strawberries and peppers; they are low-spray, but not organic. The store in Gastonia had difficult-to-decipher sourcing labels on some produce items. The helpful and large map of farms and info cards, which we saw in 2016, were not being used.

Grass fed meat was from Australia. Is local grass fed meat above the price point? The grass fed products were well-marked in the display case and touted their health and environmental benefits. Both stores carried organic and cage-free eggs. The stores had a local condiment display that was large and freestanding, similar to the ones at Lowes Foods.

Food Lion has a set of web pages talking about its local farms and vendors. Unlike some other stores, it sensibly doesn’t feature giant companies like Tyson or Smithfield just because they are headquartered here. It does feature a number of solid farms. For those interested in local products, this web information is very strong. Unfortunately, the content is buried from the homepage; this would be worth linking better and showcasing more. This was also a problem in 2016.

N.C./S.C. stores: 494/38 Company data: Based in Salisbury, N.C.; Belgian private owner Ahold Delhaize Group merged in 2016; 1,089 total stores. Part of Delhaize USA division. Favorable financial results so far in 2017. Decentralized marketing, but centralized supply chain management.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	6	10	8	6	0	30



Harris Teeter can teach Kroger about local marketing and they both need to work together on sourcing

Harris Teeter and its parent, Kroger, may be poised to embrace “local” in a much bigger way. Both brands have launched new local initiatives, which, viewed as positives, encourage their shoppers to think about local as an important value and buy more local products. Harris Teeter has its new HT Hometown, which features North Carolina brands. Their website, if you dig enough, says all the right things about the benefits of local purchasing. Kroger has its new “We Are Local” campaign. The web content for this effort is extensive. In addition, Harris Teeter does as much as anyone at creating eye-catching local labeling and signage in its stores. Very few grocers offer as much information about some of their produce, including the location and name of farms, and, incredibly, the miles from the store. In one example, sweet potatoes had an easy to read “Local Item” tag, saying that they were from Nature’s Way Farms in Faison, N.C., 158 miles from the store. (Nature’s Way Farms is a repacker, not a grower, but the sentiment is good.)

Some of what is happening is a rebranding of existing suppliers as “local,” rather than an effort to expand the community of small, truly-local vendors. For example, HT Hometown highlights all the mega-meat processors (Perdue, Smithfield and Tyson.) These companies are not the face of the food movement nor represent any shift towards local. These are the companies whose practices spawned the food movement in the first place. And they just happen to be located in North Carolina. The rest of HT Hometown businesses are mostly large food processors, not farms. Kroger, in contrast, does focus on its farm suppliers in its “We Are Local” effort. Tellingly, a national map of “local” farms shows no farms in North Carolina. Really these aren’t “local farms” as the headline reads, but simply “farms”. It is good to learn about them, but they’re not local to us. And while both companies’ websites include information about how to become a supplier, there has to be a shift in systems to accommodate small-medium size farms and food businesses. Has this shift happened? Based on the lack of much volume of local produce in the stores, probably not. Finally, Harris Teeter is still using the brand-diluting term “farmers market.” We wish they would move beyond that. (How about simply “The next best thing to a farmers market”? Too long?) Kroger still has a large and inaccurate sign about its local offerings above the produce section.

We visited Harris Teeter stores in Charlotte, Winston-Salem and Raleigh, and a Kroger in Durham. Harris Teeter featured a large bin of “eastern grown” peaches near a photo of a California peach grower. Watermelons were N.C.-sourced. There was a photo of an Arizona greenhouse tomato grower (in the peak of N.C. tomato season); Mexican organic and Virginia non-organic tomatoes were for sale. Peppers were from Holland, Canada and Mexico (at the peak of N.C. pepper season.) There were several farmer photos and stories that did not connect to actual product on shelves (muscadines and squash, e.g.) HT is encouraging shoppers to choose local without enough corresponding local produce.

HT had a nice, large sign about Braswell Family Farms, which supplies cage-free and organic eggs out of Nashville, N.C. This was connected with matching shelf signage. Good. The “local” signs for High Point-based Hunter Farms were a mixed bag, since the dairy is actually owned by Harris Teeter/Kroger. Grass fed beef was from Wisconsin, which is better than Australia. Harris-Teeter still uses the term “regional” for some of its suppliers, a laudable effort to distinguish local and regional items. We still found Maple View Farm milk in Durham, not labeled as local.

The Kroger in Durham had a few highlights. Laudably, we found Maple View Dairy milk and Baldwin beef (but no signs to feature or market them.) Those are solid local products. On the fruit and vegetable side, the produce section looked nice and the number of organic items was improving. However, there were no organic peaches or string beans, two

items on the “buy organic” lists from Consumer Reports and the Environmental Working Group. There was little local produce to be found. We spotted a few N.C. tomatoes, from Horseshoe, N.C. (225 miles or 4 hours), and there were local watermelons. The tomatoes had a strong sign, using the eye-catching “I’m Local” tagline. There was one farmer storyboard, talking about a Virginia organic grower, Fresh2O Growers. This hydroponic lettuce grower is caught up in the controversy of whether hydroponic can be labeled “organic.” (The consensus seems to be that hydroponic is not organic.) The store had “southern” peaches, which is better than California peaches in the peak of our peach season. The store still has the sign that touts hundreds of local items, which does not seem accurate unless one counted every jar of Mt. Olive pickles.

Kroger officials continue to engage with this project. The company, for example, sent a buyer to a key meeting of small farmers this fall. With that kind of openness to the farm-foodie community, the company has the potential to increase local sales incrementally. In partnership with Harris Teeter officials, good things are certainly possible from these grocers, as they wrestle with the overall competitive challenges of the retail food sector.

Harris Teeter N.C./S.C. stores: 130/25 Kroger N.C./S.C. stores: 14/35

Company data: publicly-owned; Kroger owns Harris Teeter; Kroger headquarters are in Cincinnati; Harris Teeter corporate division still based in Matthews, N.C.; 2800 total stores under Kroger umbrella. Year to date sales are up 5% over last year, to over \$90 billion, while income is down 30% to \$1.1 billion.

Criteria HTeeter	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	10	10	7	13	0	40

What if no one cooks anymore?

Cooking is either the hottest thing going, with its many TV shows, blogs and magazines, or a dying activity that Americans only talk and read about. Which is it and what is the effect on the local food movement?

Over the last twenty-five years, in a steady trend, Americans have gone from spending twice as much at the supermarket than eating out, to spending substantially more on eating out than buying groceries. Moreover, a lot of those supermarket dollars are going for prepared and convenience foods. Michael Pollan points out that Americans cook less than people anywhere in the world, only 27 minutes a day.

American homes still have kitchens and many are well-stocked with equipment. Many Americans want to be thought of as chefs. Despite that,

the hurdles to cooking are winning out: the real and perceived lack of time to cook, the notion that cooking is drudgery (including cleaning up), and the real and perceived lack of knowledge of how to cook. Two paycheck Americans work long hours and making time to cook takes a lot of effort and crowds out other activities.

On top of that, relentless advertising of convenience food plays a major role. Big Food has convinced us that cooking is unnecessary and stressful.

Without cooking, the local food movement is sunk. We have to constantly remind ourselves and others of the health and taste benefits of home cooking. It is vital that we share cooking knowledge and encourage each other to cook from scratch -- as a courageous act against Big Food. Think global, cook local.



With lots of stores in rural places, “Hometown Proud” ought to mean more local sourcing

IGA stands for Independent Grocers Alliance and its slogan is “Hometown Proud.” In existence since the 1920s, the business model was developed to assist family-run groceries, by joining them together to share marketing and supply chain resources. At one point the alliance linked together over 8,000 stores across the country. IGA supermarkets are owned by franchise holders, and are located almost exclusively in small towns or rural areas. During our store visit, staff seemed friendly and the atmosphere felt homey. Pricing and selection appealed to bargain shoppers. While the buildings was antiquated and in need of a refresh, the alliance announced recently that it will be investing in online selling. Nonetheless, it is possible that the IGA system may not survive the competition from Walmart, Aldi and Lidl.

At a store we visited in Durham, there was not one organic item in the produce section, even though the produce section was large and well-stocked. Was this because the shoppers are not interested in or are opposed to organics, or is it that organic product would be above the price point for the store? Or perhaps organics have not yet entered the IGA supply chain system? (The only organic item we saw in the whole store was organic milk from Organic Valley.)

Like Piggly-Wiggly, the franchise supermarket model might be a way to more easily introduce local products into stores. Local variety. This is what the company’s website and marketing would have one believe. This could happen if, while individual stores availed themselves of national marketing and some nationally-supplied product, they kept open a portion of their buying for truly local items. Our observations were that autonomous local sourcing is happening on a very limited scale, if at all. Franchisees may be too locked into supply agreements to source more local products.

The IGA in Durham (branded as Carlie C’s) carried apples from Virginia and pumpkins from North Carolina. The bins of squash and zucchini could have been from local sources, but there was no signage. Peppers were from Canada (Lakeside.) This was a store that offered zero information about any suppliers or farms. “Got To Be N.C.” boxes were being used to stack bananas, but we did not see the stickers on any of the produce on offer.

The store was sourcing cage-free eggs from Dutt and Wagner, and its Green Valley Poultry Farm in Abingdon, Virginia. This is the largest producer of shell eggs in Virginia, at 20 million dozen per year. Local or regional is often not artisanal. They sell caged and cage-free, as well as organic product. The store also was selling caged eggs from Egglands Best and P&R Eggs, both North Carolina products. (We don’t endorse caged eggs due to animal welfare concerns.) There was no local milk, unless the Organic Valley milk was local (which is easily possible). We found no grass fed meat of any kind and no local meat.

N.C./S.C. stores: 63/61 Company data: Franchise headquarters in Chicago; 1,100 stores in the U.S. and 5,000 worldwide, with global sales of \$36 billion. It is the world’s largest voluntary supermarket network.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	1	1	0	1	0	3



A good partner with the community, Ingles can be a leader in getting more actual product into stores

Last year we were disappointed by some aspects of Ingles local efforts (confusing signage), but were impressed by the amount of local offerings. Ingles came in third out of sixteen supermarkets. This year, we are mostly concerned that the amount of local product seems to be declining, not expanding. The company remains engaged with the local food movement, maintains a strong partnership with Appalachian Sustainable Ag Project, and supports local projects and events in western North Carolina and South Carolina. This is praiseworthy. But, as far as sourcing local food, is the push for year round organic and the lack of or competition for local supply preventing Ingles from making more progress?

We visited Ingles stores in Asheville and Gastonia. Produce was mostly from California, Mexico, Canada, Central America and Holland. A “local” produce stand at one store was confusing; its twenty baskets contained a variety of produce with no farm names or identifiers, and included oranges. Such a display could be much more effective with better signage, really telling a story. Why bother to put in a local produce stand if it doesn’t engage the shopper well? Much of the overhead farmer signage in the produce section was unchanged from a year ago. That could be freshened up.

While we did not see much local product, there were some bright spots. We found tomatoes from Lipman Produce, which, according to the company, is the largest grower of field tomatoes in the country. The company has a special local initiative and is contracting with a number of growers in North Carolina. Some of these growers have compelling stories of transitioning from tomato picker to farmer. Lipman understands the local issue well. We also found watermelons from North Carolina, but with no farm name. Mountain Majesty heirloom tomatoes, a local variety, were on sale. A sign in the produce section at one store touted a staggering 207 organic varieties, which is both laudable and more or less believable, given what was on display. Can more of those 207 organic items be from closer by? Despite those numbers, neither store was selling any organic zucchini which was in season then and abundant at farmers markets.

Compared to last year, there is less information about “local” at the company’s website. Are they shifting this marketing to Facebook or other social media? Where did the informative farmer videos go?

The Asheville store had a good supply of grass-fed meat from Hickory Nut Gap Farm, located nearby. Unlike many of stores we have visited, there were two prominent signs drawing shoppers’ attention to the item. The signs included the farm name, location and features of the product. This is how local meat should be marketed in a supermarket meat case. There was a good selection of high quality cage-free and pastured eggs, although none were local. The store brand milk displayed a small sign stating that “our milk comes from regional dairy farms.” Organic Valley and Horizon compete in the organic milk space.

N.C./S.C. stores: 64/35 Company data: HQ in Black Mountain; publicly-traded, shares family-controlled; 200 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	12	6	15	10	10	53



A new hard discount seller, talking about local

“Rethink grocery” is Lidl’s slogan. Do Carolina shoppers want to do that? The giant German discount food retailer is launching its entry into the U.S. market with stores in the Carolinas and Virginia, so we will soon find out. Sales, which started strong, have been weak overall. (Could this be another failed attempt to bring a European grocery format to the U.S., like Tesco’s “Fresh and Easy” fiasco? Tesco failed due to a bad name, no coupons, sterile stores and poor fresh offerings, among other things.) Lidl stores feel like a food IKEA, very clean and open, with lots of natural light and high ceilings. As a limited-offering store, the atmosphere feels good, but not necessary like a Trader Joe’s with its unique choices, or Aldi, with its rock bottom prices and open boxes. Nonetheless, surveys have indicated that shoppers are excited about the new stores.

It is too early to tell if the giant German retailer will make any substantive effort to support local. At our store visit, it was notable that above the produce bins the store had placed large signs with “featured growers,” mostly from Virginia and one from Georgia. The signs stated that the company would source produce from as close as possible. They also directed shoppers to their website, which has no detailed information about farms or sourcing. On the shelves, we saw very little local product.

There are plans for a distribution center in Alamance County, N.C., which might benefit N.C. growers. The company plans to open 2,500 U.S. stores in the next five years. If this comes to pass, the impact of Lidl will be big and, for the time being, store management will be a little bit busy.

N.C./S.C. stores: 10/8 Company data: 10,000 stores worldwide, 20 in the U.S.; U.S. headquarters in Arlington, VA, world headquarters in Germany.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	2	3	1	1	0	7



Strongly committed to local. Just more product please.

As in 2016, Lowes Foods still displayed the “Welcome to our Farm” signs at the entrances to its Charlotte and Raleigh stores. (They also now have writing on the pavement out front which says, “Reserved for local farmers.” Cute.) The experience once one walks in the doors showed continued engagement with the local concept, but some problems in execution. There needed to be more local product or robust shelf labeling in the stores to match the marketing. Organic, on the other hand, was quite strong.

We love that the Lowes Food stores reminded shoppers that food comes from farmers, and right as they walk in the door. The website has a local section (albeit buried) and a portal for suppliers. The company was using a new, attractive shelf label, “Shop Carolina,” a great way to highlight local products. There was also an eye-catching large sign in stores that said: “A Call to Farms: Season Long Rally for Fresh and Local.” These are great. And no doubt Lowes Food is spending a lot of time figuring out just how to remain profitable, with Harris Teeter, Publix and hard discounters breathing down their neck. To stand out from the crowd, talking up farmers is a viable marketing strategy. This will have more economic and environmental impact when the company can get more local produce in the store. And to the extent that authentic local sourcing is tough (and it is), we suggest communicating some of that to shoppers. People love transparency. Let them know it’s a work in progress. Such transparency builds trust and loyalty.

At two stores visited, we found non-local organic carrots, zucchini, cucumbers, string beans, grapes and red peppers, among other items. Overall, we saw less local produce than in 2016. Farm signage was down from 2016. On the local side, we found tomatoes from Patterson Farm Fresh in China Grove, N.C. This 350+ acre family farm specializes in peppers, tomatoes and strawberries. The farm’s website touts its sustainability efforts, although it is not certified organic. One store carried grape tomatoes from Santa Sweets in Leland, N.C. with a “Got To Be N.C.” sticker (right beside an identical Mexican product.) We found conventional blackberries from McLeod Farm in McBee, S.C. McLeod works with multiple supermarket companies on the East Coast. The farm has at least 6,000 acres in cultivation; of that 1,000 are peaches, 50 are strawberries and 15 are blackberries, with the rest a mix of corn, wheat, rye and soy. We found locally-labeled non-organic peaches, a rarity at all the stores we visited; the peaches had no specific farm or location info, but may have been from McLeod. A bright spot was organic blueberries from Southern Belle Organics; this farm in Whiteville, N.C. has 300 acres of organic/transitioning acres, grows berries and greens, and is run by a young energetic couple. N.C. watermelons were offered under the Melon1 brand; this marketing effort consists of about 30 farms and 20 packing sheds across the Southeast, and ships 8,000 truckloads annually. Two N.C. farms which participate are the Lancaster’s in Wilson and Harrell’s in Stantonsburg. The Lancaster farm, for example, has 8,000 acres under cultivation, with a small portion devoted to produce. (As big operations carve off a portion of their acreage for food crops; can more of this acreage be organic?) As in 2016, the stores we visited labeled many condiments on the shelves as local. They featured attractive and eye-catching local kiosks, with signs saying things like “Cultivate Community, Buy Local” and “Carolina Favorites.” Very good.

Two brands of low-priced eggs were proudly labeled “local” on the shelf. It appeared that these were caged hens, which is problematic. Can those local suppliers go cage-free? Otherwise, the store stocked good quality organic and cage-free eggs. The store has a good selection of milk, some local and some organic, but more detailed shelf information would be helpful. Horizon Brand milk was prominently featured; we would rather see shoppers drawn to Organic Valley. The store is sourcing grass fed beef from Australia, a growing trend. As mentioned last year, Firsthand Foods, Baldwin Meats and Hickory Nut Gap Farm are logical suppliers for local grass fed meats.

The company continues to work with advocates and N.C. Growing Together. Hopefully, continued partnership will result in more local produce overall and closer-to-home organic produce. Can technology help their efforts?

N.C./S.C. stores: 71/10 Company data: A subsidiary of Alex Lee Inc.; privately-held; based in Winston-Salem, N.C.; 97 total stores. (Alex Lee, Inc. also owns Merchant Distributors, which supplies 600 food stores.)

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	15	10	12	11	10	58



Why “stick with the pig” when their franchise model continues to bypass local?

Piggly-Wiggly locates stores in small rural towns across the Carolinas and, in doing so, offers better access to supermarkets in those places. It is also a given that people love the name and mascot of the store. As far as local sourcing, Piggly-Wiggly’s local franchise model should open up the possibility for deeper connections to local suppliers. From what we have seen in our limited sample, it has not, so far. Is the lack of local product due to the need to hit a very low wholesale price point, to serve its price-sensitive rural shoppers? Or is it that buying from local suppliers can be significantly more trouble? Piggly-Wiggly’s franchise headquarters has not communicated with our project, so we don’t know the answer to this question. Unfortunately, we are not able to survey the many individual franchisees.

Like last year, we found very little local product at the store we visited. At the Pittsboro location, the only local product on display was okra, which was clearly labeled as grown in Pittsboro. Tomatoes were for sale from a large repacker in Asheboro, N.C.: Farlow Produce. The tomatoes were likely from Florida. Like last year, most of the produce in the store had no labels; it could have been from anywhere. Some items were marked from Mexico and Canada. The store carried almost no organic produce and had no signage to indicate an organic section of the store.

As in 2016, there was no grass-fed or local meat. We did find some cage-free eggs in the midst of mostly caged eggs. The store did continue to offer a wide selection of Maple View Farms milk, a bright spot. Maple View Farm’s dairy is 20 miles away and is a popular local farm with many. The store was not stocking organic milk.

Piggly-Wiggly has not added any information about local sourcing to its website since last year. It makes a generic claim to source locally.

The company did not respond to our inquiry.

N.C./S.C. stores: 54/43 Company data: Locally-owned franchises in small towns and cities; the parent company is owned by C&S Wholesale Grocers and is based in Keene, NH; C&S is the 12th largest private company in the U.S. and is owned by one of the 100 richest men in the world, Richard Cohen; 530 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	1	1	0	5	0	7

How does Chatham Marketplace do it?

Wander the produce section at Chatham Marketplace in Pittsboro and you will encounter something amazing. On a typical day, the co-op store stocks so much local produce that they have more local items than you can find at even the best Carolina farmers market.

Routinely, over many months, our research has found in excess of forty local produce items in the store, most of them organic or no-spray, and all of them well-marked and very fresh. How do they do this? Is it relevant to supermarkets?

To find out more, Local Organic Y'All sat down with David Dellea, CM General Manager. We asked him how the co-op began its "local" journey.

DAVID: "It was part of the intent of Chatham Marketplace when it opened to

support "local" as much as possible. So, for me, that goes back at least ten years. *Local* was the focus and not so much certified organic -- growing practices were left open to interpretation which meant either organic or low/no-spray. "Local" has been a mission of mine since I moved to North Carolina in 1991 to work for Wellspring Market in Durham. They cared about "local" back then, but the supply was so limited. Starting back then, I built up a word-of-mouth network of local growers.

Eastern Carolina Organic deserves a lot of credit for making more product available. Without them, I wouldn't be able to get half of what I am getting. They are reaching out across the state and into neighboring states. And around here, we owe a lot to the sustainable farming classes at Central Carolina Community College. Students from each graduating class have gone out, bought land and started farming.

For more of this interview, go to our website, www.localorganicforall.org.



The “local” displays are getting better, but we should expect more precision and gusto

Publix is a well-respected retailer, both in the industry and with shoppers. The chain has rapidly expanded to 37 stores in N.C. and 59 in S.C.: impressive. But with 800+ Florida stores, is it any wonder that sourcing locally from the Carolinas will be a challenge? Publix can easily buy produce from Florida. Have they invested in suppliers further north?

The produce areas at both stores we visited were, like last year, clean and attractive, with lots of variety. Unlike last year, where we found only a small, sad table of local items, there was a larger section with a prominent “local” sign. The locally-grown section showcased corn, sweet potatoes, yellow squash, zucchini, green peppers and cucumbers. These were seasonally appropriate offerings. The peppers sported “Carolina Grown” stickers and the “Got to Be N.C.” sign. Good. However, the squash and zucchini were labeled “Southern grown.” “Southern grown” might mean that these were from Publix’s usual large collection of suppliers in Florida, easily 600 miles and eight hours away. To further complicate things, the squash and zucchini were near a “Got to Be N.C.” sign. Was that an accurate sign or just a left-over? In other parts of the store, Publix labeled these same items as “Product of the United States.” That was a lot of different signs. And in the end, we don’t know if these items were really local.

There was no locally-grown organic produce on display. The organic produce section was larger than in 2016, but still contained only the usual California and Florida suppliers. There was scant mention of actual farms, and few stories about farms. We did not see any over-arching explanations of what was available and why, or of standards or systems. Instead, the shopper gets a slogan: we buy from local farmers whenever possible. Unfortunately, it is hard to believe that that is true. In one bin, the grocer offered spaghetti squash from California mixed together with identical- looking spaghetti squash from Michigan. (The location information was found on stickers on the produce.) Where was the Carolina squash in this complex supply chain? The only farm profile on display was from Savor Fresh Farms, which sells specialty melons. Savor Fresh Farms is a combination grower/packer/marketer based in Yuma, Arizona. The company offers high quality products. But they are 2,000 miles away and a huge, corporate operation, not a family farm.

The store had done a good job highlighting local condiments like Mt. Olive pickles and local canned foods like Margaret Holmes. The store used shelf tags and North Carolina products were distinguished from South Carolina ones. This did not represent any special local sourcing efforts, since every grocer carries these products, but it was a reminder of the value of buying local at the point of sale. As in 2016, the store carried no local meat or dairy. Pasture-raised and organic egg products were offered, but no local eggs.

The store’s website has a section on “local” and highlights a few farms, state by state. The company explains in vague terms its local philosophy. The website would be more useful if it had information about how farms/food businesses could get in touch with buyers. This is a missed opportunity. A Publix spokesperson notified us that the company does not participate in research projects, while noting that the grocer plans to attend an N.C. farmer meeting soon.

N.C./S.C. stores: 37/59 Company data: Based in Lakeland, Florida; private/employee-owned; 1,120 total stores. They are operating more than double the number of N.C. stores that they did in 2016.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	3	6	0	3	0	12



How to save a lot by missing both local and organic

The twelfth largest grocer in the Carolinas by store count, and another hard discount retailer, Save-A-Lot is without doubt the most bargain basement. It was recently bought from SuperValue by a Canadian investment firm. Like an Aldi without the pizzazz or a Dollar General with just food, this supermarket chain has small stores, low prices and a limited selection. That formula is not likely to be a friend to local.

The store we visited in Durham was in an older building and the interior was in rough shape. The produce section was the smallest we have seen, about half the size of one in Aldi's. The small size did not mean that it was necessarily bad. In fact, the produce looked to be fresh and there was ample variety, covering all the basics of fruit and vegetables. Considering that the store is in the heart of a very poor neighborhood, having a retailer with this much produce is a good thing.

The only sourcing information for produce that was readily evident were multiple signs reading "Made in USA." We did find one bin with just four packages of radishes: two were from Michigan, one from Florida and one from Argentina. That is a complicated, global supply chain. The website made no claims about local or organic; it says simply that produce comes to them straight from the field and is grown by certified farmers (which would likely mean food safety certified, not organic certified.)

Not surprisingly, there was no organic produce, and no organic products in the store, that we could find. We did find cage-free eggs, making Aldi the only chain that lacked any choice of cage-free eggs on the days we shopped.

N.C./S.C. stores: 27/19 Company data: Owned by Canadian private equity firm Onex. They operate 1,370 total stores in 37 states.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	0	0	0	1	0	1



This is not a farmers market

Sprouts Farmers Market is a fast growing and profitable company that specializes in the so-called “fresh format.” The fifteen year old company is based in Phoenix and has had to cater to demanding Southwestern organic and natural shoppers. It is considered a take-over target by companies like Kroger, Target, Albertson-Safeway and Walmart. It might also grow by buying or merging with other “natural” grocers. With “farmers market” in its name and proclaiming “farm fresh produce” on the front of the store, it would be great for the supermarket to be a model of local produce sourcing. Alas, that does not seem to be the case. Like Earth Fare, SFM seems to more about marketing the feel and vitality of farmers market than in replicating the actual local goodness found in one. As their website states: “Our bright and cheery neighborhood stores offer fresh, natural and organic groceries at incredible prices – and in an approachable setting that feels like an old-fashioned farmers market.”

Sprouts Farmers Market has only one store in the Carolinas so far, in Raleigh. A visit to the store was disappointing. Yes, there was a large produce area, dominating the store. The store was indeed attractive and airy, inviting a shopper to buy lots of fruits and vegetables. There were tractors, weather vanes and windmills on the walls, barn décor, and large signs with phrases like “Garden Favorites” and “Sun Ripened.” Sprouts does have a lot of organic items; a sign proclaimed that there were “over 203 organic items today.”

Unfortunately, there was little local produce, and as a result, lots of food miles, and no stories or photos about the food. A surprisingly large amount of the produce came from Mexico; other sources were California, Florida or Michigan. We bought packaged organic string beans. Of the many products we purchased for our research, these were among the few that were rotten the day we bought them. This was not our idea of a farmers market. The website was also disappointing. Sustainability efforts were focused on their buildings, not the food. Community engagement was focused on charity, not food systems change.

We did find Georgia peaches and muscadines, with Georgia Grown stickers. It is worth noting that while Georgia may almost seem local, the muscadines came from 483 miles away or an eight hour drive, even though they grow very well locally. Organic berries, a good thing, were all from California.

One positive was that the store did stock local milk: the real thing from Ran Lew Dairy in Snow Camp (which we recently visited) and they tagged it with a “local” shelf label. This is the type of product that they could sell mountains of, if they effectively marketed the dairy’s story (which was featured in the cool documentary, *The Last Barn Dance*.) They also carried Organic Valley milk, a reliable source from a good company, and possibly local. They also had a good selection of cage-free eggs and pastured eggs, but none local. They are committed to going all cage-free by 2022. Whole Foods Market is all cage-free now.

N.C./S.C. stores: 1/0 Company data: Based in Phoenix, they operate over 279 stores in 15 states.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	2	3	0	7	0	12

Are farmers markets feeling tired?

With the entrance of Sprouts Farmers Market to North Carolina, the brand dilution of real farmers markets increases. Insult number one was inflicted by Harris Teeter, with its ubiquitous farmers market logo in its produce section. Other stores are more subtle, recreating the farmers market experience with wicker baskets and wooden crates. Walmart has the plastic version of the wood crate, which would lead to less splinters. It is unlikely that supermarkets will desist from this type of marketing, which draws from the tremendous goodwill created by our authentic farmers markets.

To fight back, farmers markets have the opportunity to more strongly differentiate themselves by doing a better job with their experience. Farmers markets can be more diligent

in a number of areas. Chefs and cooking demonstrations are critical to create vibrant markets and educated, enthusiastic shoppers. As cooking flourishes, so will the markets. Equally important, it's vital that farmers markets facilitate farm visits through tours and open houses. Shoppers need to see the farms from which they buy. Vendors can also be encouraged to display information about their operations, either at their stands or in a central place. Third, farmers markets need to demonstrate that what is being sold at market is truly local. What gives shoppers that assurance? Finally, aspiring to have the market open year round, with convenient hours, will create a stronger alternative to the grocery store. These are just a few ways that farmers markets can stay fresh and vibrant in the days to come.



Fresher produce, more organic offerings are a good sign, but local is still completely AWOL

In 2016, Target identified grocery as an area of concern and brought in experienced talent to improve its offerings. Grocers like Target believe that fresh produce brings in customers and sets the tone of a store. In late 2016, the chain even announced that it would experiment with in-store, indoor vertical farming, for on-site growing of produce. (Sorry, but this sounds like a gimmick.) In 2017, things *have* changed: prominent in the produce section was a large sign proclaiming “Our organic selection is growing.” Gone was the tiny organic section of the past; we found a much larger array of organic fruits and vegetables. The produce looked good, much better than last year -- not wilted and tired. That is a good thing and might help keep Target in the grocery business. And it brings more shoppers to healthy foods.

Organic suppliers were from Canada, Mexico, California and Florida. There was still plenty of conventional product: grapes from Mexico, peaches with no label, blueberries from Michigan, and tomatoes from Canada. Driscoll was the main berry supplier, as in most stores. There were no string beans at all. (Consumer Reports puts conventional string beans at the top of its list of produce having excessive pesticide residue; organic ones are hard to find outside of a farmers market.)

There were no local or regional produce items except for the ubiquitous sweet potato. These were from Spring Hope, N.C., which is 150 miles away.

As in 2017, there was no local meat, dairy or eggs. The store offered cage-free and pastured eggs, a wider selection than last year. We found organic milk from Horizon, and both conventional and organic grass-fed beef.

The website has no information about food sourcing or supplier policies. The website covers a very wide range of products and does not go into detail about any of the many categories.

The produce section still had an utterly generic look. However, the large IKEA-like images of bagels, toast and deviled eggs we found over the produce section in 2016 had been replaced with just images of produce. That was comforting. As in 2016, there was no mention of “local” anywhere at all. Still no mention of farms and farmers, as if food grows in a factory in China. Target food executives might want to walk around in a Whole Foods Market and take notes.

The company did not respond to our inquiry.

N.C./S.C. stores: 52/22 Company data: Publicly traded; based in Minneapolis, MN; 1,800 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	3	0	0	4	0	7



More local produce would validate their claims and their name

In a September 2017 article in Supermarket News, “the incoming CEO of The Fresh Market [Larry Appel] pledged to ‘double down’ on quality and service, and said stores under his watch would define value ‘more broadly than competitive pricing.’” Is that an opening for higher quality local and organic products? The website says that the company works with 100 farmers within 300 miles of stores, and has a new seafood sustainability initiative.

In the recent past, the Greensboro-based chain underwent much revitalization with its previous CEO. Those efforts did not show the financial results desired by the company’s owner, Apollo Global Management, so Appel was brought in. The new CEO has a challenge ahead: to attract more customers when there are so many other supermarket choices and specialty shops, and The Fresh Market seems such an odd duck. The stores have the feel of a dark, cozy gourmet shop, but with almost a supermarket’s scale. In the stores we visited, we saw a good selection of organic produce, similar to 2016, but mostly from California and South America. A sign by the registers says simply: “over 1,600 organic items.” This might be possible if one included all the center store items like canned goods, snacks and condiments.

On the local side, what we found was decidedly mixed. There was a sign over the registers which proclaimed “Over 350 locally grown foods.” There is really no way to know what that means. In going through the produce aisles, we did not find a lot of local items. There was less marked “local” than in 2016. Gone was the special display which contained only local items, with specifics telling at which farm an item was grown. We did see a printed sign for Fancy Yellow Squash from Barbee Farm in front of a big bin of zucchini. And organic bell peppers said they were from Mexico and Holland. Tomatoes were still being sourced from Windmill Farms in Mayodan, N.C., which is good. That farm is 100 miles from the store. Shelf tags had gotten smaller, so there was less room to write about farms.

On one wall, there was a large and attractive sign with a map of North Carolina, which said: “We’ve partnered with the freshest local farms.” It showed the name and location of ten farms, including Bailey Farm in Chadbourne, Sandyridge Orchards in Candor, Triple J Produce in Sims and Hollar & Greene in Elizabeth City. The nice graphic helps customers to learn about their farm suppliers and support local buying. It is unfortunate that we could find product from only one of those farms (Windmill Farms) on the shelf, in August. The bottom of the sign says: “This is just a sampling of the many local produce purveyors we source from throughout the year.” If this is true, where is the product? Or is the vast majority coming from California, Florida and overseas. The store did not offer local milk or eggs; eggs were cage-free. Organic milk was from Horizon: why not Organic Valley? Surprisingly, there was no grass fed beef, local or otherwise. (Note: At a Fresh Market in South Carolina, we happily found S.C. peaches in season and Happy Cow Creamery milk.)

The Fresh Market did not respond to our inquiry.

N.C./S.C. stores: 22/9 Company data: Acquired by Apollo Global Management, LLC in April 2016; based in Greensboro, N.C.; 176 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	4	5	0	5	0	14



Just a few local choices, befitting a food importer

Trader Joes has added more organic produce since last year and the quality of the product looked good. A special organic section was clearly marked and contained only organic product. A huge display of Driscoll organic blackberries was at the front door: reasonably-priced, of excellent quality and from California. Driscoll has much of the national berry market sewed up. (See an insightful article in the August 21, 2017 *New Yorker* to learn more about Driscoll.)

On the local side, the store in Chapel Hill had tomatoes, zucchini, cucumbers and yellow squash (seasonal items) that were labeled “Regional,” and which were all probably from Lipman Farms. Lipman is an interesting supplier, Southern, and doing some good things (see their website). They also work with Ingles. “Regional” is a smart way to label their product. They have a story to tell -- if Trader Joe’s wanted to feature a farm supplier. The store carried conventional and organic sweet potatoes, neither labeled as grown in North Carolina. Strange. Trader Joe’s continues to source a lot from Guatemala, which was not seen at other stores. They had conventional Guatemalan green beans, and no organic ones for sale. As previously mentioned, Consumer Reports lists green beans as its number one vegetable to purchase organic, due to pesticide residue.

Peaches, from SunWest in California, carried the tiny label reading: “Treated to maintain freshness in transit with Fludioxonil.” Fludioxonil is the most common fungicide applied to peaches, both to grow them and to transport them. Organic peaches are one way to avoid this chemical. Another way might be to source Georgia and Carolina peaches (in the middle of summer) and reduce the transportation.

Trader Joe’s continued to source eggs from Lathem Family Farms (also a Costco supplier), which is 325 miles away in Georgia. How about eggs from local suppliers? Organic milk was available, non-local. The store did not carry any grass fed beef, opting instead for organic.

Like in 2016, the store had no photos or descriptions of suppliers. As the supply chain evolves, telling the story better is certainly an option.

A marketing official from Trader Joe’s did respond to our inquiry and stated that the company works with North Carolina farms for some of their seasonal produce, including sweet potatoes. The official stated: “When in-season, we buy the following from NC growers: blueberries, blackberries, zucchini, yellow squash, corn, eggplant, cucumbers, tomatoes, watermelon, and other types of melon (Athena, for example). We also work with many NC-based businesses producing food which we sell under our own label (and some under the producer’s brand).” The official did not reveal names of farms and did not offer any insights into eggs, meat and milk. He did mention that, as the company grows, sourcing highly-perishable items like peaches through local distribution centers is planned.

N.C./S.C. stores: 9/3 Company data: Headquartered in Monrovia, CA (Los Angeles); privately owned by a trust of the Aldi family in Germany; 450 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	3	6	0	3	0	12



Still doing more local than its hard discount rivals

As the largest grocer in the Carolinas, Walmart's practices have a significant impact on our local food systems. Based on our store visits in Charlotte and Durham, Walmart's organic selection looks better year to year, both more product and improving quality. This brings more shoppers to organics and at an affordable price. Not surprisingly, most of the product is from California or Mexico.

Along with its organic gains, Walmart is treading water with local sourcing, at least in North Carolina. (Some have quipped that Walmart can increase its overall local selling simply by opening a new store in California.) On the positive side, there is now signage about local buying and some photos of farmers, reminding shoppers where their food comes from. In the Durham store, there were photos of three farms. Burch Farms in Faison, N.C., mentioned elsewhere in the report, is an immense produce operation, partly organic. Ham Farms in Snow Hill grows sweet potatoes, cabbage and squash on an industrial scale, but does use integrative pest management and other sustainable practices. Cottle Strawberry Nursery and Farms, also in Faison, grows strawberries and strawberry plants for a national market. They also grow regionally-adapted muscadine grapes and vegetables (peppers, zucchini, cucumbers, tomatoes, squash and eggplant). These are large and appropriate suppliers for a North Carolina Walmart.

On the shelves, though, it was mostly disappointing. We did find Virginia tomatoes (better than Canada), Lipman cucumbers and Cottle Farms muscadines (hard to find.) Watermelons were from Jackson Farming in Autryville, N.C. Walmart was sourcing some of its strawberries from Wish Farm, a reasonable choice, given that the Florida-based company grows in the Carolinas and has some organic production. Other strawberries were from California. But many other items, including raspberries, peppers, grapes, cucumbers, grape tomatoes and zucchini, were from Mexico or Canada. Non-organic string beans were from Guatemala in one store, and from Lipman, a more local grower, in another. Organic blueberries were from Homegrown Farms in California (a co-op of smaller farmers) and blackberries were from Oregon.

The Durham store had copious amounts of grass fed and grass fed organic meat, while in Charlotte we found no grass fed product at all. There was no local meat at either store. Both stores had organic milk (Horizon, Organic Valley and Stoneyfield), but no local milk. It was good to see more choices than just Horizon.

As we stated in the 2016 report, Walmart has more going on with local than its rival big box retailers, and some of its supermarket rivals, too. Based on what we are seeing, even with all of Walmart's faults, something good is happening here, and it can continue to improve. The store needs to go the next step and tell more of the evolving story in the store, and support more community-based farm projects with its vast resources (like the Walmart Foundation.) Finally, in the most recent quarter, Walmart saw its best financial performance in the food category in the last six years, driven by perishables. Food is being good to Walmart; can Walmart be good to local food efforts?

N.C./S.C. stores: 170/84

Company data: The largest food retailer in U.S., headquartered in Bentonville, AR; publicly-traded; 11,500 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	8	6	5	6	0	25



Will Amazon stymie our top-rated “local” supporter?

Is it ironic that the food retailer that topped our 2016 and 2017 local-friendly lists just got bought by one of the world’s largest and most aggressive destroyers of local? Much has been written in the mainstream press about the Amazon acquisition and it is too soon to know what the real effect will be. It goes without saying that the merger is earth-shattering to both of the companies and to grocery retail in general. An immediate result was a shift in prices at WFM, but not in any simplistic way. WFM has not lowered all of their prices; in fact, the grocer has raised prices on a number of items, while cutting the price of others. One would guess that the data crunchers at Amazon are figuring out where to find profits and the marketing folks are advertising price drops to erode the “whole paycheck” reputation. (The mainstream press accepted the price-cutting narrative hook, line and sinker.) Because Amazon is by no means intending to turn WFM into a discount food retailer (as noted by the price increases), there is hope that high quality local foods will remain a force at WFM.

Besides price, the other story going forward will be efficiency. Will John Mackey’s “Conscious Capitalism,” with loans to sustainable farms and deep connections to local communities, remain? Amazon may have no need for that. Its strength is its ability to deliver an identical widget to any house in America in a day or two. And this is based on ruthlessly efficient logistics. The artisanal, hand-crafted world of local food has, up to this point, been anything but ruthlessly efficient. Small farms and under-capitalized food businesses and distribution systems do the best that they can. But they cannot compete in the emerging Amazon world.

In store visits, the overhead chalkboards in the produce sections were instructive. The sign in Asheville impressively read, “213 organic and 85 local items available this week.” The same sign in Winston-Salem read, “113 organic, 17 local.” In Durham, it read, “39 local fruits and veggies” (up from 24 last year.) Observations would indicate that these numbers are fairly accurate. Another attractive painted sign detailed what was in season, which can influence shopping behavior over time. At various stores, we found these N.C.-sourced items: squash (org), green beans (conv), eggplant (org), peppers (org), zucchini (conv), cucumbers (conv), tomatoes (org), peaches (conv) and sweet potatoes (conv). Berries were dominated by Driscoll’s. Signage was a mix of legible and illegible, clear and confusing. Some farm names and locations showed up on shelf tags. A number of produce items which could have been logically sourced from N.C. were supplied from California, Florida, Canada, Mexico, Guatemala and Holland. One large sign for peaches had the printed “Georgia/N.C.” text crossed-out and “California” written in by hand. Sad, but transparent.

The stores offered an impressive variety of artisanal milk (Homeland Creamery, Homestead Creamery and Wholesome Country Creamery.) N.C.-sourced grass fed beef, right next to Australian product, was from Hickory Nut Gap Farm, Baldwin Farms and Ridgefield Farm. The meats could use much better signage/storytelling in the crowded display cases. Pastured eggs were from nearby states; stores offered ample information to make better egg choices. All eggs remained cage-free.

For the most part, farmer stories and photos had disappeared from WFM stores since 2016. (Condiments continued to sport signs with photos and locations of the food business.) So, how to tell the story? Video or interactive kiosks highlighting farms might be a better way to communicate with shoppers, if paper signage is failing to work.

WFM’s website contained ample information about local and organic sourcing, both the logistics and the whys. Lots of great content. Unfortunately, these webpages were not prominent or, in the case of “local,” completely hidden. Under the “Company” section, Whole Foods offered detailed information for local vendors to at least get started in a process with the company. At www.wholefoodsmarket.com/local, a hidden page, there were helpful listings of local growers by state, including descriptions, photos and video. Twenty N.C. suppliers and four from S.C. are listed there. This helpful information should be more prominent. Unlike 2016, WFM did respond this year to our outreach. WFM has sadly reduced some of its generous sponsoring of farm events.

N.C./S.C. stores: 10/4 Company data: Based in Austin, Texas; owned by Amazon; 450 total stores.

Criteria	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure	Total
Score	15	18	14	19	10	76

Will Wegmans save the day?

Wegmans, a New York-based family-owned supermarket with a cult-like following, has a reputation of strongly engaging with local farmers. The grocer now has more than ninety stores in six states and is headed to North Carolina, with its first stores opening in 2019. Can this grocer be a positive influence in the Carolinas?

With only a small number of Carolina stores for the foreseeable future, their impact, like that of our co-op grocers and Whole Foods Market, will be limited. Nonetheless, Wegmans has the potential to show its supermarket rivals how a traditional supermarket can substantially up its “local” game and still be profitable. Might this inspire those grocers who are giving lip service to “local”?

So who is Wegmans and what makes them special? First, the family that owns Wegmans is personally and publicly involved in promoting local and organic farming. This visible commitment

provides leadership that pulls along the whole company. This is a splashy effort and why not?

In 2007, Wegmans opened what is now a 168 acre organic teaching farm. Its mission is to improve organic growing techniques, teach those to farmers and create a network of organic growers to supply stores.

Wegmans has been working with local farmers since 1916, not unlike the relationships that other supermarket companies have. The (big) difference is that Wegmans is dedicated to converting more of its local suppliers to organic, with an explicit goal of not having to rely on far away organic growers. And the company likes to work with small to medium-size suppliers.

Wegmans has a big game plan, the energy to execute it and will likely be a game-changer in the Carolinas.

APPENDIX

Supermarket Best Practices to Source Locally-Grown Organic Product

1. Develop a written plan with measurable goals for steadily increasing the sales of locally-grown organic foods store- and company-wide. Create internal policies and procedures to effectively handle these foods in stores and warehouses, including aggregation, shipping and receiving, and storage.
2. Select a point person for locally-grown organic sales at the corporate level and at each store or facility, and inform farmers and consumers who that is. Conduct periodic company-wide training of staff on the issues of local/organic procurement, handling and marketing. Participate in buyer-grower meet-ups and other networking with local farmers.
3. Provide sufficient and accurate labeling of locally-grown organic product in the store, in company-wide marketing and through strong supply-chain transparency.
4. Work with local suppliers of organic, cage-free and pasture-raised meats, dairy and eggs to increase their presence in stores and in wholesale offerings. Identify and address the special challenges and needs of these suppliers.
5. Each year invest at least one day's worth of North Carolina profits in food infrastructure projects such as shared-use processing facilities, food hubs, soil and plant research, young farmer training and incubators, GAPs and organic certification, and loan and grant programs for farmers and food business entrepreneurs. At current sales and profit rates, this represents \$1,000 per N.C. store for supermarket operators.

Ranking Criteria

Area of concern	Criteria	Maximum points
Plans, policies and procedures to source and sell locally-grown organic product	Quality and transparency of goals, definitions and policies	4
	Quality and prominence of web content	4
	Creative aggregation, delivery options for local-organic product	4
	Procedures for handling, storage of local-organic product	4
	Fair pricing and contracts for suppliers	4
	Total	20
Availability of in-store locally-grown organic product and labeling/signage	Variety of local or regional produce	5
	Number of local or regional items that are organic	5
	Proximity of local or regional product to store	2
	Promotion of the local concept with signs, displays, farmer photos, farm descriptions, web links	3
	Specific and accurate signage about farm locations and distance to the store, and reasonable use of the terms "local," "regional," "N.C. grown," "From the South," etc.	2
	Accurate labeling of individual product at the shelf level	3
	Total	20
Staff training and local farmer networking	Training of staff at the store level and store liaison	5
	Training of corporate staff and corporate lead person	5
	Hosting networking events for local farmers	5
	Participating in local farmer networking sponsored by others	5
	Total	20
Non-produce offerings: local and organic eggs, meat, milk and specialty foods	Quality and variety of local or regional eggs	5
	Quality and variety of local or regional meat	5
	Quality and variety of local or regional milk	5
	Quality and variety of local or regional specialty foods	5
	Total	20
Resources to local farmers and food infrastructure (training, incubators, food hubs, processing, research, farm loans/grants, etc.)	At least 25% (\$250) of a target investment of a typical store's profits for one day (\$1000) X number of N.C. stores *	5
	At least 50% (\$500) of target investment X no. N.C. stores	5
	At least 75% (\$750) of target investment X no. N.C. stores	5
	100% (\$1000) or higher of target investment X no. N.C. stores	5
	Total	20
TOTAL		100

* Based on median store sales, net profit margin after taxes, Food Marketing Institute.

Thirty reasons to buy food sourced from smaller local farms

Local farms are within about 100 miles of the point of purchase.
Small farms are less than 500 acres and ideally under 100.

1. Preserves and creates local jobs and businesses.
2. Gives local farm kids a way to stay on the family farm.
3. Reduces farmworker exploitation through transparency.
4. Increases the pool of local knowledge and expertise of food and farming.
5. Keeps more of our food dollars in the local economy.
6. Supports a business model of higher-margin farm products, less dependent on subsidies.
7. Helps revitalize rural communities.
8. Builds bridges between urban and rural people.
9. Preserves local farm and food traditions and culture.
10. Protects scenic beauty adjacent to urban areas.
11. Creates genuine stories about our food.
12. Promotes transparency around organic and sustainable farming practices.
13. Preserves farmland and open space, and provides alternatives to urban sprawl.
14. Protects local surface and groundwater quality, for drinking and recreation.
15. Enhances biodiversity and pollinator habitat in the local area.
16. Preserves rich farm soil for future generations.
17. Provides opportunities for local gleaning.
18. Lets more consumers know their farmers personally and build trusting relationships.
19. Allows non-farmers, and especially children, to learn about the realities of farm life.
20. Supports laboratories of local farming innovation.
21. Facilitates the spread of growing knowledge to local gardeners.
22. Increases transparency about animal welfare practices.
23. Focuses on pastured, not confinement, livestock, with its strong health benefits.
24. Provides food which is as fresh as possible.
25. Supports a food system which offers a wide variety of healthy vegetables.
26. Promotes seasonal eating and a natural rhythm to the year.
27. Creates stronger food security if a disruption in national food distribution system occurs.
28. Protects against weather/disease-related farm events in California, Florida, Mexico, etc.
29. Fights climate change, by reducing transportation-related greenhouse gases.
30. Emphasizes food varieties with flavor, not transportability.

About Local Organic Y'All

We are an independent research and advocacy project affiliated with the non-profit Abundance Foundation. Our mission is to increase the access to and the benefits from locally-grown organic food by engaging with the supermarket and wholesale food industries in North Carolina. We conduct industry research, offer consumer education and encourage best practices in the retail food industry. We accept no corporate or government funding, and rely on small donations from individuals. We are assisted by a small advisory group of farmers, food entrepreneurs and food advocates. Our website is www.localorganicyall.org. For more information, contact:

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