



November 2016

Many Miles To Go:

Locally-Grown Organics
in North Carolina Supermarkets

LOCAL ORGANIC Y'ALL

EXECUTIVE SUMMARY

They have a ways to travel. No, we don't mean the produce, meat, dairy and eggs in your supermarket (although these are mostly from far away.) Based on our research, the food retailers *themselves* have a ways to go if they are to meet growing customer demand for organic and sustainably-grown food *that is produced locally or even regionally*. The companies also have a distance to travel to achieve stronger communication about farms and farmers in their stores and on their websites. Today, with a few exceptions, company performance does not match the marketing.

BACKGROUND

Demand for locally-grown and sustainably-produced food is growing. Studies have shown that shoppers of all demographics are willing to pay a premium for this type of food. While farmers markets have built up the market, supermarkets represent the places where the most affordable and convenient access to this food might be found.

Sixteen companies or brands are operating over 950 food stores in North Carolina. This represents an estimated \$7 billion in annual food sales and millions in profits. Eight of these companies are privately-held and eight are public.

The study established a 100 point ranking scale to estimate the local-organic performance of the sixteen companies. The ranking is based on our five best practices for local-organic procurement and marketing.

Best practices include:

- 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.

KEY FINDINGS

Only one company, Whole Foods Market, was given a passing grade of 72 out of 100 points, based on strong in-store local-organic performance and longstanding relations with local farm groups. This leadership may be waning amidst WFM's financial struggles. Two other companies, Lowes Foods and Ingles, are engaged with local foods in a meaningful way, building on the assistance of local sourcing programs. Their in-store performance reflected this work.

Walmart and BI-LO show corporate leadership and planning, but weaker in-store performance, which hopefully will improve soon. Harris-Teeter demonstrates innovative marketing, but needs to build stronger relations with the farm community.

Seven companies could not muster a dozen points out of 100 (ALDI, Costco, Piggly-Wiggly, Publix, Target, The Fresh Market and Trader Joe's.)

Kroger and Earth Fare have very little local on the shelves, despite making local claims. Kroger, we believe, is poised to move in a better direction. None of the sixteen retailers was completely immune from the temptation to stretch their marketing somewhat.

Sloppy and incomplete signage is the rule, not the exception. Smart technology has not yet been employed to simplify and enhance the tracking and communication of local and organic product information.

There exist opportunities for partnership with an eager and organized local and organic food movement, especially university and non-profit programs. So far, these are being greatly under-utilized.

An investment of just one day's profits from supermarkets in the state into local food infrastructure and training could produce as much as \$1 million per year, and could leverage an additional \$4 million. Such investment could serve to greatly grow the existing local-organic product for sale at food retailers, increasing their profits.

RECOMMENDATIONS

Supermarket chains and food retailers can:

- work individually and collectively to more fully adopt the five best practices regarding goals, planning and procedures; training and networking; labeling; eggs, meat and dairy; and food infrastructure investment.
- more fully embrace the connection between local and organic, understanding that local is more than a marketing gimmick. This would meet the desire of the growing group of their customers for sustainably-grown, healthy food that is also contributing to the local economy, protecting nearby open space and water quality, and is grown by farmers that are near enough to know and visit.
- create standard language and labels for “local,” either one by one or together as an industry, and stop a race to the bottom.
- focus energy on the well-known lists of non-organic fruits and vegetables that are likely to have pesticide residue and prioritize those for developing local supply that is organic. (Consumer Reports and the Environmental Working Group have complimentary lists.) Items on these lists will likely see continued market growth. Examples include strawberries, leafy greens, green beans, cucumbers, tomatoes, peppers and carrots.
- communicate to their customers better about seasonality issues, taking advantage of season extension opportunities and climate differences in our state to source more local product, while at the same time moving customers away from items that are completely out of season like the tasteless winter tomato.
- explore advanced technology to increase supply chain transparency and traceability. This can help grocers to better organize information and communicate with customers, while driving down costs for that effort. (We are not advocating ubiquitous QR codes or an end to paper signs, but rather appropriate learning from technology like airport timetables and convention center virtual kiosks.)
- explore opportunities for supporting the growth of locally-processed canned and frozen foods and the acceptance of “ugly” produce, all part of a greater local food supply than might otherwise be thought possible.
- team up with local chefs and cooking teachers to spread cooking knowledge about seasonal foods, including providing cooking spaces in stores and compensation for training.
- introduce more locally-grown organic items into prepared foods.

The food movement can:

- recognize and praise the local-organic efforts that some food retail companies have already made and encourage those that are starting to do more.
- enthusiastically buy local-organic product as it becomes more available in stores.
- celebrate home cooking, by encouraging smart grocery shopping for seasonal, locally-grown organic ingredients, and spreading traditional cooking knowledge.
- continue to train farmers to understand the constraints of large retailers around issues like GAPs, insurance, volume and pricing, and help them to overcome these hurdles where possible.
- support programs that are partnering with farmers and supermarkets like Carolina Farm Stewardship Association, the Center for Environmental Farming System's NC Growing Together project, Got to Be NC and the Appalachian Sustainable Agriculture Project.

AN OVERVIEW OF LOCALLY-GROWN ORGANIC IN NC FOOD RETAIL

1. “Local-organic” in the retail industry: On the radar screen in the midst of business upheaval

The retail food industry nationally is relatively decentralized with many players fighting for the consumer dollar in a low margin/high volume business. Companies shift from public to private and back again to gain strategic advantage, and mergers and acquisitions are common. In North Carolina, there are today fifteen companies representing sixteen brands that make up the food retail sector. This could change at any moment as the industry shifts. (For this study, we did not include co-op markets, convenience stores and drug stores.)

Two main findings emerge from our review of industry practices and concerns. First, the retail food industry in North Carolina is in an unprecedented period of competition and volatility. Companies new to North Carolina, including Publix, Sprouts, Wegmans and Lidl, are entering the NC market fast and furious. Store acquisitions and realignments related to mergers further complicate the situation (Kroger buying Harris-Teeter, for example.) Big box and category killers like Walmart, Costco and Target play a dominant role, along with new players like discounter Aldi. Traditional NC-based companies, with a large proportion of their sales in North Carolina, like Food Lion, Lowes Foods and Ingles, are threatened by this competition, but can at least focus on it. Companies with a smaller relative presence in the state may be insulated from some of this localized volatility, but are far from immune to pressure. All of these companies are subject to the pressures impacting the industry nationally: online sales/e-commerce, home delivery options, the entrance of Amazon into food sales, and internet-based product information. Leadership at the companies have their hands full.

The second finding is that the industry nationwide is strongly aware of and concerned about the growing market demand for local and organic products, as well as non-GMO, but does not uniformly address it due to the complexity of the situation. The industry is prone to connect this issue with the vague trend for “natural and healthy,” growing out of increased knowledge by consumers following social media and the internet. And the industry recognizes the desire for greater transparency in food. This increased interest in healthy lifestyles is motivating more families to re-embrace home cooking, sending them to the grocery store rather than the restaurant. For example, grocery stores have an opportunity for increased sales of fresh produce and plant-based prepared foods to vegan and vegetarians who are currently under-served by restaurants. They, along with families seeking heart-healthy or gluten-free food, tend to be interested in the purity and origins of their food.



The retail food industry in North Carolina is in an unprecedented period of competition and volatility...

Pricing is one of the elephants in the room: is this an opportunity for higher margins or will shoppers balk at a price premium? Studies like a recent A. T. Kearney report say that shoppers will pay more, but will that prove to be the case? Another elephant is the definition of local, addressed in detail below. So far, retailers have not connected the desire for “local” with the notion of local job creation or the protection of open space or water quality, as many consumers do, and this fact contributes to the loose definitions of local that we found. “Local” is most generally viewed by retailers as related to improved freshness (travel *times* become important) or ties into the desire to create a story about the food and farmers. Industry efforts so far, in many cases, are more related to strategies to leverage “local-organic” for marketing gains, and are less related to actual changes in supply chain management.

2. “Local-organic” in the supply chain: Moving from proven local variety to greater volume and access

North Carolina is the largest producer of sweet potatoes in the nation and some may believe that yams are the answer to eating local here. In truth, supermarkets can move way beyond the token sweet potato and watermelon in the local food display. At the time of this study (September), local farmers markets and coop food stores in the Triangle were selling as many as forty different local and organic produce items. This is the proof that, after years of experience with organic growing, season extension and variety trials, North Carolina farmers can grow a large variety of organic produce. Moreover, now that we have year-round local farmers markets, we are able to see that it is technically-feasible for North Carolina farmers to harvest a reasonable amount and variety of produce in every month of the year, without heated greenhouses. Seasonality of course rules which items are available when. Some crops like strawberries have limited seasons and others like greens have extended seasons. Overall availability is further increased by the climate zones found in North Carolina, from the warm coastal plain to the cooler highlands and mountains. One does not have to go to Florida or California to theoretically supply a major portion of our produce year-round, if we are eating more or less seasonally.

Moving from the potential produce supply to a real produce supply will be a challenge. Produce production will need to be increased statewide, involving more research, trained farmers, farmland preservation and larger operations. Partnerships with supermarkets can help this to happen. And aggregator/distributors like Eastern Carolina Organics based in Durham and New Sprout Organic Farms based in Black Mountain are key to solving this supply challenge. Such distributors can efficiently bring together product from multiple growers and deliver it to supermarket warehouses and loading docks. Finally, we cannot overlook food preservation like canning and freezing. Seal the Season, a frozen fruit and vegetable purveyor, is one example of the type of company that deserves attention and support.



After years of experience with organic growing, season extension and variety trials, North Carolina farmers can grow a large variety of organic produce.

The supply of local, high quality milk, eggs and meat has also greatly increased in recent years, but is still far from meeting the demand. For example, western North Carolina used to have 22 local dairies and now has just one. Firsthand Foods is a notable distributor of local pasture-raised meats and with proper support could expand its reach into more supermarkets. The lack of sufficient meat processing capacity is one bottle-neck in the system.

It is understandable (if troubling) that most small individual growers have had difficulty gaining access to large supermarkets; the growers lack the volume to fit into the supermarket system. Other growers may lack GAPs certification, a necessity for selling wholesale, or may demand a retail price for a wholesale product. What is more concerning, however, is a consistent theme coming from larger growers and distributors that there are still substantial hurdles to get in the door, even with supermarkets that have a strong local marketing campaign. “We are frustrated” is a phrase I heard frequently from key people in the local-organic distribution system. These business people and their grower partners are disappointed that the supermarkets have been so slow to make their systems more welcoming and co-invest some real dollars in aggregation and processing infrastructure.

3. "Local-organic" in the store: Lack of product, confusion and sloppiness haunt the shopping aisles

After learning of the industry excitement about local and organic and seeing the renaissance of local farmers and distributors in our state, we had high hopes to find a robust situation on the ground in stores. Boy, were we wrong! Out of sixteen food retailers, only one had a truly strong supply of local-organic produce backed up by community engagement, broad marketing and shelf-level labeling. Whole Foods Marketing, despite its financial challenges, stood head and shoulders above most of its competitors in approaching the complete package. Regardless of whether one

sees them as “the only healthy place to shop” or the hated “whole paycheck” store, Whole Foods Market has been working on the local piece for a long time, been generous to many farming projects, farms and food businesses, does strong in-store marketing and has a wide variety of local-organic products on the shelves.

There is also a lot to praise about North Carolina-based and family-owned Lowes Foods. Lowes Foods has leveraged its partnership with NC Growing Together to make substantial internal progress and has key staff truly committed to local sourcing. Like Whole Foods Market, their efforts are bolstering the broader situation (helping farms get GAPs certified, for example.) The stores have a lot of good things going, but still need more local product, and better signage and story-telling, to catch up with Whole Foods Market.

A third noteworthy company is Ingles, based in Black Mountain. Ingles has partnered on local sourcing with Appalachian Sustainable Agriculture Project and has made progress in the western part of the state. The in-store experience is weak due to a lack of detail at the shelf level; it is hard to know which product is local, despite believing that it is there somewhere. It is hard not to think that the effort may be starting to trail off, is losing steam, while others are just gearing up.



Out of sixteen food retailers, only one had a truly strong supply of local-organic produce...

Walmart and BI-LO are two companies that clearly have some interest in local, have more potential than current performance, and appear ready for further engagement. Walmart has explicit local goals, is engaged in national sustainable farming projects and is a very dynamic player, albeit constrained by their sheer size and their price-focused business model. Frequently surprising, Walmart has the potential to do good work here, especially given their ability to innovate in inventory control and information technology.

They also have the strength of the Walmart Foundation, should they choose to unleash more of its resources towards these issues. BI-LO, coming out of bankruptcy and with new leadership, can use its current store revitalization and investment to make strides here. Company officials say that this is their desire. We are hopeful that BI-LO can become a local-organic leader despite its need to keep prices low.

Harris Teeter and Food Lion have in-store marketing efforts that clearly deserve praise and emulation. It is impressive to find Harris Teeter’s tables laden with seasonal local produce, with signs showing farm names and miles traveled. No one else is doing that. Food Lion’s in-store large format maps are noteworthy. The displays map the location of growers and quickly and visually tell the customer the local story. However, in the end, Harris-Teeter and Food Lion lack much local product and can easily fall into mere marketing hype, Harris Teeter’s unfortunate “farmers market” logo being a case in point.

Some companies are slipping into the hype trap. Earth Fare and Kroger are two chains that currently don’t have the local product that their marketing would suggest. Kroger officials say that they want to change that, and given their size and influence, that is welcome news. Earth Fare, strong in organics and meat, may feel they can get by. The danger is that consumers will abandon true local for the fake version, undercutting sincere efforts to grow the local movement and hurting farmers markets and CSAs. “Local-washing” is the natural convergence of too little supply, too much demand and retailers cutting corners.

The rest of the food retailers we studied do not have much to write home about. Some are big box discount stores and their business model is large, centralized warehouses with extremely streamlined systems and low prices. These include Aldi, Target and Costco. Trader Joe’s uses an importer model with limited store choices and not compatible with local sourcing. The Fresh Market and Publix, with their higher-end customers, and Piggly-Wiggly, with their value customers, have yet to move decisively on this type of market shift. The Fresh Market, a takeover target, may see the light, if only to make the company more attractive to investors. Publix may step up to the plate as it seeks to keep up with its in-state rivals; its superior management and reputation suggest that it will. Piggly-Wiggly, with its unusual franchise operator model, might be a laboratory for a new way to source locally. Based in farm-rich rural areas, going local might be a good fit for this quirky retailer.

All the retailers evaluated showed reluctance to use more computer technology in the real time tracking and marketing of local and organic product. For example, absent from stores are computer monitors, large or small, with basic information, photos and stories from growers. Wouldn't some form of that be easier and more accurate than manually filling out all those little cards? Could GPS data be integrated to track food miles traveled? Technology is not a perfect solution and QR codes, for example, have serious negatives. But it is obvious that information flow is one of the key problems we face and information technology is one obvious tool to tackle that.

4. "Local-organic" labeling: Tighter definitions and better technology would benefit everyone

While we are resigned to accept the USDA organic standard as the obvious supermarket-relevant definition of "organic" (and hoping that it maintains its integrity), there is a surprising, even shocking, lack of consensus on the definition of "local". The USDA does not have a uniform definition, something they acknowledged to Congress in a recent report. (Some of their programs say 400 miles or within a state; other programs have no definition at all.) The influential Carrboro Farmers Market requires product to be grown within 50 miles and states that most of its product travels less than 25 miles. At a recent farm and food conference in North Carolina, we asked a large group of experienced foodies and farmers about their preferred definition of "local": answers ranged evenly from 50 to 100 to 250 miles, within the state, and within a certain drive time. Others have suggested that local could mean from even further away (500-750 miles), from several adjacent states, or from the South, Southeast or East Coast. So what makes sense? To determine a smart definition for "local", it makes sense to go back to the reason that local is important in the first place.



To determine a smart definition for "local", it makes sense to go back to the reason that local is important in the first place.

One major reason local sourcing is important is that it increases the opportunities for knowledge about the farming operations that grow our food. There is nothing like visiting a farm and kicking the tires. Few North Carolinians are likely to ever visit a Salinas Valley organic carrot farm, a Mexican or Honduran organic pepper farm or a Michigan organic blueberry farm, or know anyone objective who has. On the other hand, visiting an organic farm fifty or a hundred miles away is a real possibility; one might even get to know that farmer. But there is more to local than seeing the farm. Local sourcing by necessity should protect farmland near us, and when that land is farmed organically, it becomes a source of healthy green space, pollinator habitat and biodiversity. Organic farmland in our watersheds protects our water and air quality. Besides transparency and ecological benefits, local farms maintain and create jobs and recirculate our dollars. This contributes to local economic resiliency. A robust local food network makes communities safer and helps keep groceries on the shelf if the national food-distribution systems were ever disrupted by disaster. And when the farms are organic, farmers and farmworkers are exposed to fewer chemicals linked to diseases like cancer and Parkinson's. A final consideration is greenhouse gas emissions, which is a complicated picture. (Emissions can come from trucking produce cross-country, picking up and aggregating product from small farms, or running heated greenhouses. Carbon sequestering can result from the soil practices of organic farming, on-farm tree planting and pasture-based ranching.)

Another consideration is the common use of the word "local." If someone in Charlotte asks their neighbor for a recommendation for a local plumber or restaurant, they would not suggest a business in Wilmington. Until there was money to be made from the local label, we all recognized that a local business meant that it was located in our town, city or county. A *local* business was easy to get to, run by someone we could know and obtain references on, and connected to our local economy.

With these factors in mind, it becomes clear that a smart definition of "local" 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 beyond that distance would logically receive a different name, such as "regional," "North Carolina grown" or "from the South." Not only would this reduce consumer confusion, but it would protect true purveyors of local products, like

community farmers markets and CSAs, from fake local. Introducing the regional categories would allow customers to make the next-best choice when local isn't available and rewards grocers who source from as close as possible.

Some in the retail industry have suggested the term "hyper-local" to represent the tighter definition of "local." Adopting that term in the consumer space would be a bad idea, with categories like "super hyper-local" soon to follow. It is much better to preserve the original integrity of "local" as a term than to go down that road.

Finally, it is worth noting again that computer technology can have a major role to play in improving supply chain transparency and traceability, and driving down the cost of tracking. This could lead to superior local labeling, including GPS-integrated product information about food miles traveled. Picture a produce department with video monitors bringing in information from the central headquarters of the supermarket about what is being sold that day, tied into product on the shelf. The guesswork and hassle of tracking this information could move away from staff and be taken over by passive technology. Might this type of technology someday be a part of capital improvements for stores and warehouses?

5. "Local-organic" as a partnership: The table is set for collaboration

The food movement in North Carolina has built up an impressive capacity in the government, university and non-profit arena. When food retailers fully embrace this capacity, a lot of good things can happen. Building up this staff, program and intellectual capital has taken fifteen years and hard work on the part of many individuals. We are fortunate in this state to have these partners.



Supermarkets have the opportunity to both avail themselves of these often free resources and to invest in them through financial contributions.

NC Growing Together, operated by the well-liked Center for Environmental Farming Systems (CEFS), is a project designed to connect supermarkets and wholesalers with small and medium size local growers across North Carolina. The project has attracted outside grant funding to do its work. In partnering with Lowes Foods, MDI and US Foods, among others, it has been learning about the hurdles in the system and how to overcome them. It has produced fact sheets and conducted trainings, as well as hosted farmer-buyer meet-ups. Any food retailer in the state would be remiss not to take advantage of some aspect of their program. CEFS is a joint program of NC State University, NC A&T and the NC Department of Agriculture.

Another organization that has worked on this problem is the non-profit Appalachian Sustainable Agriculture Project (ASAP), based in Asheville. ASAP has partnered with Ingles to connect farmers with the supermarket chain and to assist with marketing. This demonstrates that a more regionally-focused effort can also be effective.

The Carolina Farm Stewardship Association (CFSA) is a well-established non-profit that has assisted small, sustainable farmers to reach wholesale markets. CFSA was the creator of wholesale distributor Eastern Carolina Organics, which later spun off on its own. CFSA is a key hub for training, infrastructure projects and food system work, and connecting retailers and farmers. CFSA has been especially strong on food safety issues affecting retail sales.

One other key partner is the "Got to Be NC" effort which is run by the NC Department of Agriculture. The program does worthwhile marketing of the local concept, encouraging shoppers to buy North Carolina products and offering a labeling program. Staff are also able to connect farmers and retailers to important resources within the state government.

These are just some of the non-profit, university and government resources that are available to supermarkets as a part of the robust food movement in North Carolina. Supermarkets have the opportunity to both avail themselves of these often free resources and to invest in them through financial contributions. Many generous individuals and businesses, in tandem with government and foundation grants, have contributed to these projects to start them and keep them going. Supermarkets would be smart (and good corporate citizens) to be a part of this family of supporters.

METHODOLOGY

For the past two years, researchers from Local Organic Y'All have conducted research on the North Carolina supermarket industry and its relation to the local and organic food movements. This report focuses on the sixteen major supermarket brands that do business in North Carolina. These include both big box and traditional full service grocery store chains, but not food cooperatives or drug stores.

The report is framed around a set of supermarket best practices, which we developed independently. Retailers that adopt these best practices, we believe, would do three things: sell more of the existing local-organic product, communicate better with their customers about that product and, importantly, help to grow the supply of the product, which cannot meet current demand. For this report, we rank the sixteen brands based on their performance on the five best practices, recognizing that this is a work in progress and that subsequent rankings may change as the industry evolves. The best practices and scoring mechanism are contained at the end of the report.

For the report, our researchers conducted both primary and secondary research. We visited stores of all the companies and sought out typical store locations for each brand. When visiting stores, researchers analyzed the variety and volume of organic, and locally or regionally grown, produce, meat, milk, eggs and condiments, as well as store signage practices. The project visited all stores within a one week period in September 2016. This assisted in our efforts to make apples-to-apples comparisons in the framework of what was seasonally available. We made follow-up visits to some stores in

October and November 2016 to gather further information. Baseline visits were made to stores in October 2015.



Retailers that adopt these best practices, we believe, would ... sell more of the existing local-organic product, communicate better with their customers ... and, importantly, help to grow the supply of the product....

The project conducted an extensive review of the supermarket industry trade journals, including publications like *Supermarket News* and *Progressive Grocer*, as well as mainstream business press coverage of the industry. In addition, we reviewed academic publications and consultant reports on the food retail industry. We reviewed websites of the companies,

including web-based information about local growers, sustainability and corporate social responsibility.

In October 2016, the project sent letters to 56 supermarket executives representing the sixteen chains. Letters were addressed to the CEO, with copies to produce and media relations staff. Each supermarket received a copy of their draft review and ranking, as well as a copy of our best practices. Companies were invited to offer clarifications and corrections to the text. As noted in the profiles, five companies (BI-LO, Ingles, Kroger, Lowes Foods, and Walmart) entered into fruitful dialogue with us, by phone or in person. ALDI responded with specific information by letter. Publix responded with a form letter. We did not hear from the other nine companies. The letter is found in the appendix.

There are three new entrants to food retail in North Carolina: Wegmans, Sprouts Farmers Market and Lidl. We plan to include those companies in next year's report and rankings.



THE RANKINGS

November 2016



Store brand	Total Score	Plans, policies & procedures	Local/organic labeling & in-store product	Staff training & farmer/buyer networking	Better milk, eggs, meats & specialty foods	Resources to farmers & infrastructure
Whole Foods Market	72	14	13	14	16	15
Lowes Foods	59	10	12	16	11	10
Ingles	44	12	7	12	8	5
Harris Teeter*	28	2	12	7	7	0
Earth Fare	26	4	4	0	13	5
Food Lion	23	4	12	5	2	0
Walmart	21	8	2	5	6	0
BI-LO	20	8	3	5	4	0
Kroger	14	4	2	0	8	0
Piggly-Wiggly **	11	1	3	0	7	0
Costco	8	3	1	0	4	0
The Fresh Market	8	0	7	0	1	0
Publix	7	2	3	0	2	0
Aldi	6	2	2	0	2	0
Trader Joe's	5	0	2	0	3	0
Target	4	2	0	0	2	0

* owned by Kroger

** local franchise operations

COMPANY PROFILES

(in alphabetical order)



There were precious few local products hiding in those boxes

Aldi had a limited supply of organic produce items, just a few in total. There were two local offerings: sweet potatoes from Burch Farms and muscadines from Cottle Farms both in Faison (90 miles away.) The potatoes were clearly marked with a local sign and were a featured product. Packaged peppers from L&M Produce in Raleigh and squash from Performance Produce Family of Farms in Salisbury represent locally-based wholesalers, but not local produce per se. L&M procures worldwide and Performance works with growers in Florida and elsewhere. Aldi’s produce is mostly from California, Michigan, Florida, Ohio, Mexico and Canada.

There was a prominent “Got To Be NC” sign at the cooler with eggs -- for Simpson’s Eggs in Monroe, NC. The store did not have those eggs in stock and was instead selling Goldhen Eggs (not cage-free) as its only choice. An ALDI’s spokesperson apologized for the egg supply issue, saying it would be addressed. This was the only store visited for our study that did not offer at least one cage-free product. The company responded to us that there is the intention to stock cage-free eggs at all its stores by the end of 2016, a welcome initiative. The store did not carry organic milk. The store carried grassfed beef; the package stated that the meat was sourced from the USA, Australia and Uruguay.

The company has since 2013 had a line of SimplyNature items, which are primarily organic and/or non-GMO. Some of these items (milk, kale, salsa, apple juice) could be sourced as local and organic.

The store has one sign over the small organic section, properly placed. There are no signs or labels with farm names, descriptions or photos, and only the one local label for the potatoes. At the checkout area, there are signs stating the company’s values, including environmental sustainability. The company’s website would indicate that that does not govern local or organic procurement, but does influence energy and recycling. The store is not trying to oversell organic or local. As befits a discount retailer, they are primarily selling the low prices.

As noted, an ALDI official did respond to our study inquiry with specific information.

NC stores: 59

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	2	2	0	2	0	6



Early on the path toward better consumer communication and more local product

BI-LO is a company that has gone through major financial restructuring in the last few years. In our discussions with corporate officials in Florida, the company stated that, while it does extensive local sourcing, it is not satisfied with where it currently is in the local-organic space and is eager to improve that performance. The company is in the process of a major investment in store updates and lowering prices, which, if paired with attention to local-organic issues, could be a move in a good direction. The company has long positioned itself to serve the “budget conscious family,” including those on government subsidy -- more so than some other traditional full service supermarket chains operating in North Carolina. This positioning runs headlong into competition from insurgent big box food retailers. These market dynamics and the company’s full plate of financial and organizational issues could limit new local-organic initiatives, although some of the work is simply telling the story better. Bottom line, sourcing local products that are also organic will be difficult for a brand with budget shoppers. The company may be able to make progress through its expressed interest in partnerships, finding ways to efficiently and creatively source affordable local-organic product, especially seasonal items. The company may also be able to invest in information technology to better track product and cut costs.

On our visits, the stores had one of the smallest organic sections of any stores visited. In total, we found organic NC sweet potatoes, organic carrots and organic apples. Large signs above the produce section highlighted the stories of four suppliers including W P Rawl in Pelion, SC (140 miles away), Sunny Creek Farm in Tryon (110 miles) and Hollar & Greene in Boone (cabbage from 115 miles). These signs included the name, location, a photo and short description of the farm, which is commendable. At the shelf level, there was no indication of which produce came from which farm, diminishing the value of any signage. In a departure from other chains, the company’s signs offered a definition of “local,” stating that the company defined local as product coming from NC, SC, Tennessee and Virginia. Any definition is laudable, but this one may be awkward. There were no local displays at the store entry or anywhere. Organic milk was available. No local or organic meats or eggs were offered, but the company hopes to soon offer local Brasstown Beef.

The chain has an easy to find, publicly-disclosed “Produce Sourcing Policy.” BI-LO promises on its website to source “whenever possible” from local producers. Numbers on the website’s Local Sourcing Policy page could use more explanation; company officials told us they are sourcing from thirty NC farmers. On a positive note, BI-LO has promised to switch to all cage-free eggs by 2017, a major initiative for a budget-focused chain.

In June of 2016, BI-LO launched a local produce media blitz. A celebrity chef toured BI-LO stores in the Southeast to promote the chain’s “new commitment to local produce.” Executives with BI-LO’s parent company, Southeastern Grocers, said that they wanted to maintain ties to existing suppliers and develop new ones. Ian McLeod, president and CEO of Southeastern Grocers cited sales of more than 1 million pounds of local strawberries each month and more than 1.1 million pounds of local red potatoes a month each season “as evidence that his customers prefer local produce.” State officials said that local produce will have stickers to tell the consumer that they are shopping local. We saw no evidence of the stickers in the stores we visited, and we would encourage that to happen. The company did respond to our inquiry and has begun discussions with us about deeper engagement with local.

Number of NC stores: 35 Company data: Based in Jacksonville, owned by Southeastern Grocers; 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	8	3	5	4	0	20



Big organic packages, but some of the things labeled “local” weren’t

The store offered six organic produce items in huge quantities: carrots, kale, salad mix, lettuce, apples and bananas. Sources included California, Michigan and Florida. The only Carolina product found was organic kale from W R Rawl, a distributor located near Columbia, SC, 200 miles away. The store carried organic eggs from Latham Farms in Danielsville, GA, labeled as “local.” Danielsville is 350 miles from the store. The store carried organic milk. There was no local meat. Other than an occasional understated sign for organic and the words “Fresh Produce” over the produce cooler area entrance, helpful signage was very sparse. There were no farm names, pictures, descriptions, and no use of the word “local” except in the fine print on the egg product shelf. Not much fun in that.

Costco is one of the largest purchasers of organic produce in the world, according to news reports. Costco’s most recent sustainability report focused on recycling and energy, and does not mention its food suppliers. Costco’s supplier transparency policy focuses on worker rights and treatment (laudable), but does not mention organic label verification or visitation of farms. This type of information is buried deep in its website. Costco has invested directly in a large organic farm in Mexico, to increase its access to organic produce. It also bought a cattle ranch in Nebraska to increase its supply of organic grass-fed beef.

Number of NC stores: 8

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	3	1	0	4	0	8



“Local” on the door, but not much in the store

The store had a large organic produce section, with a wide variety. Suppliers included those from California, Canada and Holland. No local organic produce was available. Sweet potatoes were offered from New Sprout Organic Farms, a distributor based in Black Mountain, NC (225 miles away). They source from eight farms located in NC, TN, FL and AL, the closest being 200 miles from the store. (New Sprout offers over thirty types of organic produce in a year round schedule, with the most variety available in summer months, and would appear to be a future source of local or regional organic product.) NC watermelon was for sale.

All eggs were cage-free and local eggs were offered from Latta Family Farms in Hillsborough, NC (30 miles). Milk (non-organic) was offered from Homestead Creamery in Virginia (130 miles) and Maple View Farms in Calvander, NC (30 miles). Local, grass-fed meat was offered. Over the meat counter was large signage extolling the virtue of humane, sustainable livestock practices, which corresponded with the offerings.

There were no local sauces in the condiment section.

There was a large “local” sign on the front door and over the produce section, which as noted did not reflect the offerings. Inside the store, there were no “local” shelf or product signs or tags to highlight products. There were no farm names, photos or descriptions to inform the shopper. The shopping environment was attractive, but completely generic.

NC stores: 9

Company data: Based in Fletcher, NC; private; 36 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	4	0	13	5	26



Food Lion is not lying -- it just needs more product

The store offered a small section of organic produce with about a dozen offerings. Signage in the organic section was generally clear and accurate, and slightly undersold the amount of offerings. Organic products were not local.

According to industry publication *The Packer*, as part of 2013 store improvements, Food Lion increased the delivery frequency of fresh produce so stores receive shipments every other day and lowered the price of produce. A “Fresh from the Field” initiative was launched to improve produce offerings, helping produce buyers find and work with local and regional growers. Did this modest effort spur the modest results we found?

Local or near-local produce consisted of about ten items (apples, grapes, peppers, greens, potatoes, sweet potatoes.) Local signage appeared in three ways. There was an attractive stand-up display with NC apples, cider and muscadines with a title “Local Goodness: Proudly Grown in North Carolina” and the tagline “Closer Fresher Better.” Definitely eye-catching. Second, there was a two by three foot full color poster with a map of the state showing the location of eleven farms. Specific and attractively-presented information. Take away cards highlighting specific farms were at the bottom of the poster. On the negative side, the furthest farm on the map was in the western part of the state and was 300 miles away. Should such farms be listed as local? Other farms were much closer to the store. The poster referred customers to a webpage, which has photos and short descriptions of the eleven farms. Unfortunately, there is no link to this page on the store’s homepage or sustainability webpage. Third, eye-catching index card size signs were placed with individual products; they said “Local Goodness” and listed the name and location of the farm. There were a few in the produce section -- if only there were more of them. The store did not tout local products at the front door or as you walked into the produce section.

Blueberries were labeled in a confusing manner. With a “Local Goodness” sign above it, the product had a NC distributor, but was a Canadian product.

The store stocked cage-free eggs, among others. No local eggs. There was no local meat or milk.

NC stores: 225

Company data: Owned by Ahold Delhaize Group; private; based in Salisbury, NC; 1,089 total stores. Has struggled financially in recent years.

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	12	5	2	0	23



Get rid of the “farmers market” logo and the efforts at transparency are commendable

Everywhere you turn in the store, you see the words “farmers market,” a clear effort to link their products to the popular community places. Is this justified? The store had the usual mix of California organic products from the Salinas Valley. Unlike a year ago, large organic signs were not hanging over non-organic produce, an improvement.

From the website: “Harris Teeter encourages customers to try locally grown products when in season. It is less taxing on the environment to purchase items that travel less distance to the table. Our locally grown logo helps you identify products that are grown within the designated state. By purchasing these products you are helping to support the local economy, give farmers a living wage and reduce the environmental impact and costs of transporting product.”

The store featured nine local products including microgreens from Asheville, which is 250 miles away. Photos and stories of local and national farmers were prominently displayed in the produce section, but it was not clear that these were actual suppliers. The store had set up a large table display with summer produce. Each item had a sign with the farm name, location and even the miles from the store. This is impressive transparency. The mileage was scribbled on the chalkboards and was barely legible, which is too bad. Throughout the store, we found small green “Local” product markers. In some cases, like the milk case, it was unclear why a product was marked local. Overall, the markers were helpful. Harris-Teeter used the term “regional” for some of its suppliers, a laudable effort to distinguish local and regional items.

The store had Maple View Farm milk, but this was not labeled as local. A missed opportunity. There were no local eggs, but the store did have cage-free and pastured. There was no local meat.

NC stores: 130

Company data: Owned by Kroger; public; corporate division still based in Matthews, NC.; 2800 total stores under Kroger umbrella.

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	12	7	7	0	28



Sincere effort needs coordination and focus to gel

Ingles is a company that has genuinely engaged with the local community. An initial perspective came from visiting a store in the Triad. Company officials cordially responded to our inquiry and suggested that we visit a store closer to their core market, western North Carolina, to find shorter food miles to the store. A subsequent visit in the mountains did not change our view that the company can do more to solidify its praise-worthy progress on the local-organic front. The issue to be addressed is not whether the produce is coming from western NC or further east, but whether the store signage is accurate and tied into product on the shelves. Better communication plus more overall supply, not shaving off miles on the sourcing, would improve the picture, in our view. One official noted that the company adopted “the clean store look,” reducing signs. That does make communication difficult. Nonetheless, local growers have praised Ingles and we can see why. We hope the chain takes things to the next level.

The organic produce section at this store was not large and was poorly marked. The suppliers were all California with two exceptions. A large hanging sign with a barn image stated that there were 75 “fresh varieties” of organic produce. Where did this number come from? Local or regional items were prominently placed when entering the produce section, and most were from points west. Featured products included tomatoes, muscadine grapes, and apples. Tomatoes were sourced from Shelton Family Farm in Whittier, NC (200 miles), Cane Creek Valley Farm in Fletcher, NC (160 miles) and from a farm in Jackson County, NC (200 miles). Grapes were from Three Star Vineyard and Orchard in Johnston, SC (200 miles). The store offered bagged apples from Apple Ridge Farms in Hendersonville, NC (170 miles), among other NC apple offerings. Less prominently featured were hydroponic lettuce from Shelton, sweet potatoes, cucumbers and collards. The sweet potatoes were from Scott Farms in Lucama, NC (150 miles east). Cucumbers were from Lippman Produce in Hendersonville, NC (170 miles). Collards were from W P Rawl in Pelion, SC (200 miles).

Signage hanging above the produce section highlighted six local farms and mentioned a collaborative project with the Appalachian Sustainable Agriculture Project (ASAP). The signs featured attractive, large farm photos, farm locations and descriptions, but were not tied into actual product on the shelf. The sign for Shelton Family Farms, which supplies hydroponic lettuce, showed the farmer in a field, not a greenhouse. However, at the shelf level, there was no signage or “local” labels. Shoppers have to look closely at packages to find the local offerings. The cucumbers had a label with the location “Hendersonville N.” Shelf level quality control could have been improved. The store does not use the term “local,” but instead emphasizes fresh. At a second store, we observed a large photograph on a shopping cart showing a field of vegetables adjacent to the company’s Black Mountain distribution center. The plot was labeled New Sprout Organic Farm, with the logo “Fresh Local Produce. Really.” More explanation is needed to know what this means (what and how much is grown there, who is growing it and where does it end up?) The use of the word “really” is a reminder that consumers have their doubts. On the website, the local focus (at the home page no less) is Tractor Food and Farms in Burnsville, NC, including a professional video with farmers praising Ingles. Oddly, there is no mention of this company in the store. The website does not mention New Sprout or ASAP.

The store had one package of grass-fed meat from Hickory Nut Gap Farm, located in Fairview, NC. (The company is working with Brasstown Beef in some stores.) There was no local eggs or milk. Signs hanging over three of the dry goods aisles stated: “Natural & Organic” with an image of a barn. This is a confusing sign and should be removed. The barn image was the same as the image in the produce department with just “organic” written on it.

NC stores: 71 Company data: HQ in Black Mountain; publicly-traded, shares are 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	7	12	8	5	44



With more hype than product, charting a new course will be important

Based on recent conversations with the company, Kroger officials seem to recognize that opportunities are available to source more local-organic. Kroger, with its strong management and dominant presence in traditional grocery, should be able to deliver on its promises, if motivated. It is 500 miles from Kroger headquarters in Cincinnati to North Carolina, which does not help. But the acquisition of North Carolina-based Harris Teeter brings that knowledge in house and that could make a difference.

The first thing we saw walking into a Kroger store was a farmers market style set of baskets for apples. The trappings of local were definitely present. To their credit, there was a large organic section, brightly signed and attractive. However, the product was almost all from California, Florida and Holland, with a little from Virginia. Key brands included Josie’s Organics, Cal-Organic and Earthbound Farms, not unlike many other groceries in the state.

Truly local produce, or even from somewhere in North Carolina, was hard to find. Local items, including sweet potatoes, tomatoes and herbs, were from Virginia or South Carolina. No farmer names, photos or locations were on display. A few, small “I’m Local” signs were found on products, often partially obscured by the shelf clip. There was a large “Local” sign over the produce section. The sign display proclaimed “100s of locally grown or sourced products throughout this store” and featured the “Got to Be NC” logo. That was clearly not accurate, even if one counted the Virginia and South Carolina product. One sign is not the end of the world, but a tighter approach is the way forward.

As is common with other companies, the store offered cage-free eggs, but not local ones. One carton of eggs listed possible sources in Texas, Michigan or Indiana. Meat from Baldwin Farms in Yanceyville, NC (60 miles away), was for sale, which is great, but needed a better sign to move product. A large sign over the meat section said “Natural and Organic,” which problematically mixes those two labels. Milk from a dairy 130 miles away in Virginia (Homestead Creamery) was labeled “local,” when regional would be more appropriate (or just tell their story.) The store’s Simple Truth label mimics the USDA organic label and may be intended to look similar. More care could be used so that such store labels are above reproach.

As mentioned above, the chain did respond to our inquiry and promises to engage with our project.

NC stores: 14 under Kroger banner, own 130 under Harris-Teeter banner (see above)

Company data: Public company headquartered in Cincinnati, Ohio, with 2800 stores nationwide under two dozen store names, including Harris Teeter merged stores. Company known in the industry for skilled 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	4	2	0	8	0	14



Big local branding and support, with room to improve

Walking into Lowe's Foods was like walking into a local and farm-oriented marketing explosion. A sign above the main entrance hypnotically read "Welcome to our Farm." Right away shoppers were greeted with galvanized farm watering troughs full of cut fruit and produce in woven baskets. Anything and everything that could be labeled "local" had a sticker or label. There was no doubting that the store got the local message and was making a big effort to promote local food, although the execution was sloppy in some instances. With so much going on, this was hardly surprising.

The organic section was not very large, but adequate. It had no locally-grown organic, with California and Florida suppliers prominent as in most other stores in our study: more locally-grown organic produce should be a goal. Produce labeled "local" included, tomatoes (sold out), cabbage, kale, collards, zucchini, yellow squash, sweet potatoes and hydroponic lettuce. It appeared that these products were all from a few farms as well as one large packer. The store had placed small signs with farm names and photos at the location of the product, making it easy to know who had grown or supplied what. There were no large photos of farms or farmers, which given the farm focus would have added to the effect. The produce sections had large signs above them proclaiming "Piedmont Produce," which has a nice ring to it, but was inaccurate. Much of what was in those sections was not from the Piedmont. And the North Carolina produce was not just from the Piedmont; the lettuce was from Tryon, for example. While such signs are problematic, it is understandable that the company is seeking a fresh approach and there is a well-liked "Piedmont grown" label.

An attractive ten foot tall display, "Carolina Favorites: A Taste of Home," was next to the produce section. Laudably, it contained a variety of bagged grits, jams and 500 bottles of sauces. In the sauce and pickle section, locally-labeled condiments were in a very abundant supply, although many were from adjacent states. Sourcing so many products is a sign that the store is networking successfully with smaller food entrepreneurs. (The store has noticed that Texas Pete is a North Carolina product, as are Mount Olive pickles.) In a departure from almost all other stores, canned beans and vegetables were labeled "local," coming from Margaret Holmes located 170 miles away in Effingham, SC. (Holmes claims to source 80% of their vegetables from 150 miles or less.) Whether true local or not, the sentiment was laudable.

Eggs were labeled "local," but no information was displayed to explain that. Easy to fix with a small sign. All the store's milk was labeled "local" with no explanation on the shelf or carton. Milk from an Asheville-based dairy was also labeled "local," when other terms would be more accurate, especially given the regional markets for milk. Milk from Maple View Farm was accurately labeled "local" with a photo of the farmers and their names. The sign said "Homegrown Dairy" and urged customers to "Cultivate Community." Well done. Moving forward, meat is an area where the chain can do more. Firsthand Foods, Baldwin Meats and Hickory Nut Gap Farm are logical suppliers for featured products.

The company met with our researcher and demonstrated a serious and honest engagement with these issues. Lowe's has partnered with NC Growing Together and has a fulltime Local Buyer. Company officials explained that corporate culture prevents the store from tooting its own horn about its partnering activities. The company should reconsider this quiet approach, telling its story more directly to its customers. It is a good story. In sum, Lowe's Foods is working hard to promote more local-organic over time. It can do more, be more flexible with suppliers and tighten its language in spots, but overall it deserves praise for its commitment and performance.

NC stores: 71 Company data: A subsidiary of Alex Lee Inc.; privately-held; based in Winston-Salem, NC; 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	10	12	16	11	10	59



Sticking with the pig? Not if you want lots of local produce

Piggly-Wiggly has a unique business model for a supermarket chain: locally-owned franchises. For local sourcing, this business model could naturally work to their advantage. Also, on the positive side, Piggly-Wiggly locates stores in farm-rich rural areas. A challenge, however, is that the chain targets budget conscious shoppers. In addition, Piggly-Wiggly's franchise model complicates research into company practices, especially if there are wide disparities from store to store. For this study, we visited a grocery store in the heart of a robust small farm scene (Pittsboro), as good a place as any to find local sourcing. But ultimately, who the franchise owner is will be decisive.

In Pittsboro, we found what appears to be only a marginal "local" benefit at the store level. The company sources from the usual wholesalers, with a few exceptions. The store carried very little organic produce and had no signage to indicate an organic section of the store. The store did carry North Carolina apples (non-organic) and sweet potatoes. Tomatoes were offered from Farlow Produce in Asheboro, N.C., a large repacker of Florida tomatoes for the supermarket industry. Much of the produce in the store had no labels at all, so its provenance was not described.

There was no grass-fed or local meat. There was one offering of non-local cage-free eggs, next to a large quantity of caged eggs from closer by. The store carried organic milk and three brands of local or regional milk: Maple View Farms in Calvander, NC, Marva Maid from Newport News, VA and Milko from Asheville, NC. According to its website, Milko (also branded as Sealtest) is the only dairy plant in western North Carolina and sources the majority of its milk from less than 150 miles away. In the condiment section, the store appropriately displayed "Got to Be NC" stickers on shelves for several NC products.

At the www.pigglywigglystores.com homepage (but not www.pigglywiggly.com), under a logo that says "We Buy Local," customers can find the following paragraph:

"Piggly Wiggly keeps its heritage; land that has been farmed and maintained for generations. These same farm families take pride in the welfare of our local community. Our local farmers are truly concerned about the freshness of the products they make available. You can be sure you are getting the best quality and the freshest food, "from field to shelf." The company did not respond to our inquiry.

NC stores: 61

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	3	0	7	0	11

The “buy local” memo got to the marketing department, but not the buyers

Publix is a new and expanding entrant in the North Carolina supermarket world. Ranked second in overall quality and high in fresh produce by readers of Consumer Reports, these superlatives were not readily borne out by our research. The produce area, while clean and attractive, was rather generic feeling, and seemed to miss easy opportunities to feature local and organic products.

Organic produce was displayed in two separate but small areas and contained the usual California and Florida suppliers. The areas had clear “organic” signs above them, reminding the shopper that the vast majority of the produce was not organic.

The store had one attractive but small local-oriented kiosk; it was completely lost in the large produce section. It featured a stand-up poster with this message: “Fresh from Carolina Farms: The Harvest is Here.” A web address (publix.com/carolinagrown) was also listed. That webpage, buried for those visiting the Publix homepage, is listed under the heading “Grown Close to Home,” under “Produce,” which is under the “Products & Services” tab. The chain pledges that: “when we can get wonderful fruits and vegetables right in the states where we operate, you can bet that’s exactly what we do. All things being equal, closer is better, and local is best.” Beside the sign was a display with about forty tomatoes and thirty squash. In another section of the produce area, there was one photo of a farmer, a Florida citrus grower, on a small poster.

The store carried no local meat or dairy. There were no two pasture-raised egg products, but no local eggs. Aisle signs in the dairy section promoted organic as “solutions for your health and wellness goals.”

In the condiment section, signs the size of large index cards extended off of shelves proclaiming “Carolina on our mind. We support fresh, quality products closer to home.” There were a few Carolina-sourced sauces, but they were not identified clearly or completely. Throughout the store, there were signs stating: “Dozens of selections from North Carolina vineyards. Tour our wine aisle.” Was this an attempt to sell wine, a high margin item, or (more likely) a bid to increase the local feel of the store?

Publix responded to our inquiry with a stock letter which stated that the chain does not participate in studies or research. The letter writer did not catch that our inquiry was seeking partnership with the chain, not simply conducting a research study. Disappointing.

NC stores: 16

Company data: New entry into North Carolina, based in Lakeland, Florida; private/employee-owned; 1,120 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	3	0	2	0	7



Welcome to Anywhere USA where local foods don't exist

Target has been unhappy with its grocery situation for many months. Representing one fifth of its sales, the grocery part of the business is in the midst of a transformation to increase the amount of organic, natural and high quality fresh product. Target has not identified local suppliers as a part of these changes. Target's intention is to provide a grocery experience that is more supermarket-like, but without butchers, salad bars or sushi counters.

In our store visit, customers were offered a small organic section with about a dozen products. Organic suppliers were from California and Florida, including Pero Family Farms, Foxy Fresh Produce, Bolthouse Farms (owned by Campbell Soups) and store brand Archer Farms. There was an understated organic sign over the section.

There were no local or regional produce items except for the ubiquitous sweet potatoes. These were from Spring Hope, NC, which is 150 miles away. There were lots of grapes, but no seasonal North Carolina muscadines.

There was no local meat, dairy or eggs. The store offered cage-free eggs, organic milk and grass-fed organic beef.

The look of the produce section was as generic as it could be, with large quantities of bagged apples, bananas, onions, potatoes and melons, mostly in packages. There were large Green Giant packaged vegetable displays. Rather than informational signs over the produce, there were large bright images of fruits and vegetables together with bagels, toast and deviled eggs. There was no mention of local anywhere at all. There was no mention of farms and farmers and no faux farmer stylings, the opposite of Lowes Foods. In contrast to the images, some of the produce looked wilted and tired; was there need for a mister? According to industry news reports, the grocery refresh in some markets (Texas and California, for example) are using the farmers market look and this may soon show up in North Carolina.

The company did not respond to our inquiry.

NC stores: 49

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	2	0	0	2	0	4



It's a cozy market, but with so little local, is it fresh?

The store was full of organic produce, at a similar level to Whole Foods Market. Conventional produce was labeled with the word “conventional” at the shelf level, a bold move. Suppliers were from California and Florida. A large sign said (inaccurately), “Organic. Lovingly grown without chemicals or pesticides. Naturally.” But the sentiment is nice.

There was a small display with seven local produce items that included the name and location of the farms. This included grapes, tomatoes, cucumbers and apples. Tomatoes were sourced from Windmill Farms in Mayodan, NC., which grows under special arrangement with The Fresh Market. The farm is 100 miles from the store.

The store did not offer local milk or local eggs. Meat was poorly labeled; although no local meat, there was grass-fed beef.

The store had very little signage, no photos of farmers and essentially no hype. Compared to some other stores, there was no monkey business going on here. For displays of larger quantities of produce, the store used 5X7 write-on signs, offering staff the opportunity to tell consumers more about the product. In most cases, the origin of the produce was listed as USA, Mexico or Canada, etc. This was a missed opportunity to be more specific. Considering the clientele of the store and its price point, the store could be doing a lot more with local sourcing and communicating with its shoppers in the store.

The Fresh Market did not respond to our inquiry.

NC stores: 22

Company data: Acquired by Apollo Global Management, LLC in April 2016; based in Greensboro, NC; 175 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	0	7	0	1	0	8



The bell was ringing, but not for local food

The store had a small organic section with produce from California, Canada and a substantial amount from Mexico.

The store had no local produce except for organic sweet potatoes, which were labeled as “Grown in North Carolina” in easy to read type. The store was sourcing a significant amount of produce from Guatemala, which was not seen at other stores.

Trader Joe’s store brand eggs were offered as cage-free and organic. The store also had eggs from Lathem Family Farms, which are certified humane. The Pendergrass, Georgia-based farm also supplies Costco and is 325 miles from the store. Organic milk was available, non-local. A selection of grass-fed organic ground beef had an eye-catching store label, touting its merits: “better for the cows, tastier and healthier for you!”

The store had no pictures or descriptions of farms, and zero local hype, justifiably.

Trader Joe’s did not respond to our inquiry.

NC stores: 9

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	0	2	0	3	0	5



An evolving story from the world's largest retailer

Walmart continues to make impressive-sounding pledges to support local agriculture, but so far the results on store shelves in North Carolina are more modest. For example, the company states that last year it achieved its goal to double the amount of local produce it sells. Walmart claims that it sold \$30 million worth of local produce in North Carolina stores, which is laudable. And on November 4 at the Net Impact Conference in Philadelphia, Walmart's CEO pledged to double sales nationally of local produce again by 2025.

It is good to hear the issue raised by Walmart's top executive, considering all the competing goals of such a large company. Unfortunately, at least so far, in stores there is not a lot of identifiable local product. We did find local watermelons and collards. And we found muscadine grapes from Hinnant Family Vineyards in Pine Level, NC, just 50 miles from the store. The "Got to Be NC" label was seen a few times on produce packages. The store had a few organic items from California, Mexico, Florida and Maine, including a large display of grapes. So, unlike some other big box retailers, there is something good happening here. On the down side, doubling sales, if starting from a small figure, may not represent much change. And increasing sales for items like sweet potatoes, which mostly come from North Carolina anyway, do not represent progress in increasing the variety of local products we can buy.

The store had made one easy to spot nod to the "buy local" marketing trend. As has been mentioned in the trades, shoppers were greeted with plastic produce bins that reference the wood crates from a farmers market. The large and not very attractive bins were filled with apples at rock-bottom prices. Shoppers were offered cage-free, free range, organic and local eggs (packed in Hyde County, NC, 175 miles away.) The meat section had organic grass-fed beef. Milk was Horizon and Stoneyfield organics, as well as an unknown store brand. Overall, price signage dominated the store, befitting a discount retailer. There was no signage about organic, buying local, local farms or other information about suppliers or Walmart's commitment to buying more local product. The chain is not telling any story here except the low price pledge. In recent candid conversations with Walmart executives, store officials admitted to us that they are not where they want to be as far as telling the story.

Walmart officials stated that in recent years there had been a trend toward cleaning up stores so that there was less signage. Packages were used as the place to convey information. Company officials stated that this trend went too far and is now being reversed to increase information flow to the customer. It seems doubtful that any robust local-organic effort can thrive without supplemental signage and shelf labels. Walmart officials also commented to us that they are restoring staff positions to fresh produce. The company has two North Carolina-based produce buyers who have a history with this market. Without sufficient staff, local-organic efforts cannot work at the store level. Walmart cooperated well with our study and pledges to continue dialogue with this project, which is commendable. We welcome their active engagement with the regional food movement.

NC stores: 170

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	2	5	6	0	21



The years of genuine engagement with the food movement show, but the future is concerning

Whole Foods Market is in the midst of significant financial and operational challenges. With profits falling and competitors going after their higher-income customers, some believe that the company may soon go private or even be acquired. Staff cuts have led to complaints that stores are not functioning properly. Community outreach, once a hallmark of the chain, is down markedly. Not surprisingly, the company’s stock has suffered greatly. All of this creates challenges for the chain to maintain its industry-leading commitment to local and organic.

In store visits, many organic produce items were on display. Most of the items were from California, but several were from Durham-based Eastern Carolina Organics or other local farms. Local and regional produce items included scuppernong and muscadine grapes from Uncle Henry’s Organics in Rose Hill (95 miles away), inexpensive slicer tomatoes from Waynesville, NC (270 miles away), organic basil from Georgia and organic sweet potatoes from eastern North Carolina. A large sign hanging above the produce area said that there were 24 local items available, which was close to what we observed. Another large sign stated that there were 149 organic items for sale, which again seemed possible. The signs did not explicitly say that these were produce items versus other merchandise. Some of the smaller local signs were misplaced or out of date, which relates to the low-tech industry approach to such labeling.

All eggs were cage-free and a large sign proclaimed this. Some of the eggs were locally-sourced from Latta’s Egg Ranch, 30 miles away. There was a good selection of Baldwin Farm meats from Yanceyville, NC (60 miles away), but no large sign to attract sales. The store was selling non-organic milk from Maple View Farm in Calvander (30 miles away.) It offered grass-fed, non-homogenized milk from an artisan creamery, Atlanta Fresh, which is 400 miles away.

The store was the only retailer using the phrase “From the South” for some of its products, an alternative to overstretching the local label. Tags on shelves included photos, names and locations of local farms and specialty food suppliers. Photos of farmers were featured in the produce section and other parts of the store. Large lettering above the produce section proclaimed “Supporting Small Farms.” This is essentially a true statement, but not for the reasons that a typical shopper may think. The company has donated substantial money to farm loan programs, farm-related events, training and infrastructure. Many of the farms that the company has supported, directly or indirectly, sell at farmers markets and haven’t yet gotten into wholesaling. WFM has built the foundation, but needs to take the next step to buy less from California mega farms and more from local small (and mid-size) farms, albeit aggregated.

The website has a large amount of information about product sourcing and standards, including what is organic, biodynamic, etc. There is a link to a list of farmers and food small food businesses by state, which provides photos and stories. It is far from complete. There is also a link to a “local growers map,” which goes to the list mentioned above. No map to be found. The company would do well to play up more its longstanding partnerships with local farm groups and cooperatives like Organic Valley, which are far from insignificant. The company should continue its long-standing financial contributions to food movement organizations and projects. WFM did not respond to our inquiry.

NC stores: 12 Company data: Based in Austin, Texas; publicly-held; 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	13	14	14	16	15	72

APPENDIX

List of 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," "NC 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 NC stores *	5
	At least 50% (\$500) of target investment X no. NC stores	5
	At least 75% (\$750) of target investment X no. NC stores	5
	100% (\$1000) or higher of target investment X no. NC stores	5
	Total	20
TOTAL		100

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

LOCAL ORGANIC Y'ALL

Durham, NC www.localorganicforall.org 919.943.1068

October 12, 2016

R. T. Jones
CEO
Supermarket X

SAMPLE LETTER

Dear _____:

Thank you for all you do to provide food for our community here in North Carolina.

I'd like you to know about a new project designed to help you better serve your customers, be more transparent and be more profitable. Our project is called Local Organic Y'All and is an affiliate of The Abundance Foundation. We are farmers, foodies, business people and just plain Moms and Dads who care about good food.

We especially care that genuine locally-grown organic food be available to as many people as possible. That is where you come in. You sell more food than any group of farmers markets ever could. We believe that you have the power to sell more locally-grown organic food to your customers.

On November 16, 2016, we will release a report to the media and the general public via social media, both statewide and with our national partners. Entitled "Many Miles To Go," the report analyzes the local-organic food performance of the sixteen supermarket chains that operate in our state. The report rates each company on a 100 point scale (see enclosed) and includes a narrative about each company (draft enclosed). Before we release the report, we are offering you the opportunity to communicate with us about our rating of your company. Have we gotten something wrong or missed something? Does the company have plans to increase its procurement of local organic food in the near future or to modify its approach to local food marketing? Does the company have plans to invest in local organic food infrastructure in the near future? Your company's score, as it now stands, is _____. Your score is a composite of several factors and is not based solely on the amount of local or organic food that you sell.

Going forward, we welcome dialogue and partnership with your company to increase your procurement of genuine locally-grown organic food. By reviewing the ranking criteria, you may see readily available opportunities to improve. We would gladly help you with any of these areas, connecting you with more growers, institutional partners, best practices and models from other places, and infrastructure projects that need support.

We do recognize that you cannot sell what is not available or is above your customers' price point. We see a long road ahead to create an ideal mix of local and imported products at individual stores. We are not asking for the impossible. We do know that a growing number of consumers want local, regional, hyper-local or whatever name you want to use, they want the definitions clear and transparent, and they want food that is grown sustainably and with fewer chemicals. Consumers *are* moving beyond just taste, price and convenience. You won't be able to meet that demand without connecting with the local food movement in a sincere way.

We look forward to hearing from you. Feel free to peruse our website at www.localorganicforall.org. You may contact me via email (fred@localorganicforall.org) or telephone (919.943.1068).

Sincerely,

Fred Broadwell
Project Director

cc: Jane Doe, VP, Purchasing
Jim Smith, VP, Media Relations

Acknowledgements

Thank you to all those who helped to make this report possible. We would especially like to thank executives from the supermarket industry who shared their insights with us. Their willingness to engage on this issue is refreshing. In addition, we are grateful for input from several university and non-profit leaders, plus the farmers and food entrepreneurs who offered their perspectives. Appreciation also goes out to our advisory committee who assisted in identifying key themes and who enthusiastically support the project. Finally, thanks to the Abundance Foundation staff for their wonderful support and encouragement.

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.localorganicforall.org. For more information, contact:

Fred Broadwell
Project Director
Local Organic Y'All
Durham, NC
919.943.1068
fred@localorganicforall.org