

Good Food Markets: Bringing Fresh Food to the Community While Maintaining their Bottom Line

Walk into this store and the first thing you see is an eye-catching display of fresh produce. Healthy prepared foods crowd the coolers and dried fruit and nut bars are found at checkout, gradually displacing candy and soda. One might assume this is a specialty grocer. In reality, Good Food Markets is bringing healthy, affordable food to Washington, D.C.'s food insecure residents.

Good Food Markets, founded in 2015, is a community grocery store in the District of Columbia's Ward 5. It serves more than 3,000 regular customers each year. While the store is only 2,000 square feet, it offers the selection of a full-service grocery store. It is unique from traditional retailers in that, in addition to product sales, it is funded by small business and healthy food grants from city government, foundations, health care organizations, and community development financial institutions.



Good Food Markets' produce aisle is front-and-center when shoppers enter the store.

Good Food Markets' operating model is based on three pillars:

1. Open small format stores that are big enough to support a full-service offering, but small enough to reduce upfront capital expenditures and staffing costs.
2. Focus on perishable items, like fresh produce and healthy prepared foods, that are needed in low-food access communities.
3. Grocery sales are supplemented by funding through mission-driven capital from the public, non-profit, and health care sectors.

The store began with real estate professionals, Kris Garin and James Anderson, who sought a market-based solution to food access and community health issues in the District. Philip Sambol was hired early on to establish the pilot location. The following year, Sambol and a group of food justice advocates founded Oasis Community Partners, a non-profit that brings health education, job training, and other programs to the store and larger community. Eventually, Oasis took a majority ownership in the store, which now operates as a hybrid for-profit/non-profit entity.

In-Store Marketing to Support Healthy Selections

The primary way Good Food Markets increases access to healthy food is through their “Good Neighbor Rewards” program. Food insecure residents—for example, shoppers receiving SNAP and/or WIC benefits—receive 25 percent off fresh produce. The store also hosts community health programs such as cooking classes, personal shopper sessions with nutrition and nursing students, and after school lessons on healthy snacking for kids.

Good Food Markets does not depend on trade fees from manufacturers to stock their shelves, slot new products, or bolster the bottom line. The store gets healthier products in front of a customer base that has been historically marketed unhealthy snacks and sugary drinks. Fresh produce and prepared foods carry a higher blended gross margin compared to nationally branded shelf stable products commonly found in the center aisles of supermarkets. The store’s reliance on high-margin fresh products rather than trade spend by processed food manufacturers is a win-win-win for the store, customers, and small, healthier food manufacturers that cannot afford the expensive slotting fees that larger retailers demand.

Good Food Markets has come a long way to improve in-store marketing. When the store opened four years ago, two-liter sodas lined endcaps and candy flooded the checkout aisle. The soda selection is now limited to a single rack in the beverage cooler and some candy has been replaced with healthier alternatives.

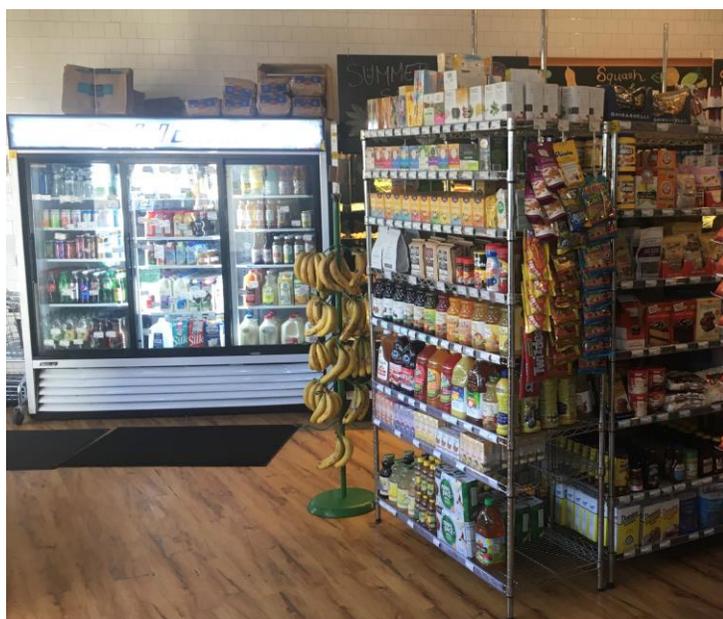
Competitive Advantage in Health

Customer feedback and sales data suggest that shoppers still demand certain less healthy items, and continue to buy soda, snacks, and candy at other outlets. However, at Good Food Markets, low-income shoppers overwhelmingly purchase fresh, healthy food.

Marketing healthy, fresh food has not hurt the retailer’s bottom line. In fact, its product mix differentiates the store from competitors. The store’s success also demonstrates the degree to which low-income consumers—particularly Millennials and Gen Z shoppers, but also seniors and working families—value affordable, healthy, and attribute-driven products.

Beyond Ward 5

Good Food Markets is expanding to other parts of the city. In early 2020, they will open their second store, twice the size of the first, in Ward 8. Much of Ward 8 is also a food desert, with only one supermarket and one small independent grocery store serving 80,000 residents.¹ A forthcoming assessment by the Center for Science in the Public Interest (CSPI) found that the



Some endcaps at Good Food Markets feature better-for-you snacks, 100% juice, and other beverages with no added sugar.

existing Ward 8 supermarket had nearly 50 sugary drink placements throughout the store. Even though it is just across the Anacostia River, Ward 8 residents experience a significantly greater burden of diet-related disease than D.C.'s higher income wards. The new store will fill a gap in access to fresh food and health programming in the community.

In addition to opening a new store, Good Food Markets, in partnership with CSPI, will study the effect of in-store marketing interventions on sales in the Ward 5 store. This may include adding shelf tags with helpful nutrition

information, promoting healthier items on endcaps, and adding other incentives for fresh produce purchases. Product-specific and overall sales will be analyzed as a key indicator for success.

Good Food Markets demonstrates that it is possible to bring affordable, fresh food to urban food deserts, using an innovative financing approach. While their store offers a variety of options, ultra-processed foods are not front and center. Of the store's success, Sambol says, "We are showing that the demand for fresh food in low-income communities has been systemically undervalued. Healthy food is a human right. If nothing else, our experience in a very challenging retail environment demonstrates that, given affordable access, people will make healthy choices."

For more information on healthy retail opportunities, please contact the Center for Science in the Public Interest at poliyc@cspinet.org.

¹ DC Health Matters Collaborative. Summary Data for Ward 8. DC Health Matters. <http://www.dchealthmatters.org/demographicdata?id=131495>. Updated January 2019.