

# The Rise of Dollar Stores: How the Proliferation of Discount Stores May Limit Healthy Food Access

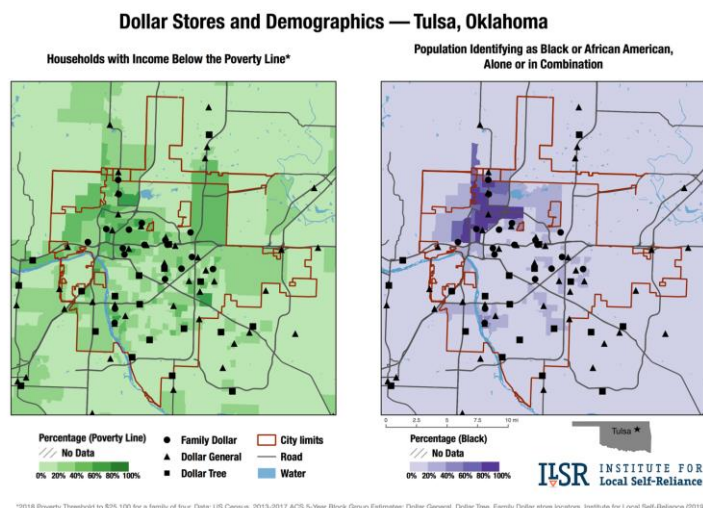
Dollar stores are rapidly multiplying, especially in low-income and rural areas, where larger, national grocers are less prevalent. Dollar stores' shelves are stocked with fewer options than traditional grocery stores, with a predominance of nutrition-poor items like candy, chips, and soda. Healthy food options are limited. To improve access to nutritious foods and beverages, dollar stores should stock more fresh, healthy options.

*Dollar stores are becoming an increasingly prevalent source of food and beverages.<sup>1</sup>*

- Two companies dominate the dollar store market: Dollar General and Dollar Tree, which owns Family Dollar. Dollar General and Dollar Tree operate over 30,000 stores<sup>2</sup>—more stores than the top ten grocers combined.<sup>3</sup> More than half of the U.S. population lives within a five-minute drive of a Dollar General.<sup>4</sup>
- Dollar General's approach to growth is rapid saturation. For example, in Tulsa, OK there are 68 dollar stores; in Dekalb County, GA there are 68.<sup>5</sup>
- When dollar stores saturate a community's grocery market, full-service food stores are deterred from opening, and existing grocers are pushed out. Sales in local grocery stores are known to drop by 30% following the opening of a nearby dollar store.<sup>6</sup>
- In 2018, food, beverages, and other household consumable goods made up 78% of Dollar General's sales.<sup>7</sup>

*Dollar stores target communities with limited grocery options—typically low-income neighborhoods, rural areas, and communities of color.*

- Low-income neighborhoods and communities of color are saturated with small retail food outlets.<sup>8</sup> In low food access communities, two out of every three new stores are dollar stores.<sup>9</sup>
- Dollar stores target communities of color, where grocery store chains underinvest.<sup>10</sup> Predominately white communities have two to four times more large grocery stores than do communities of color.<sup>11</sup>
- Three-quarters of Dollar General stores are located in communities of 20,000 or fewer people.<sup>12</sup> These locations are often 15 to 20 miles away from a full-service grocery store.<sup>13</sup>
- Since the 2008 recession, Supplemental Nutrition Assistance Program (SNAP) sales have been a core component of dollar stores' expansion strategy. Between 2007 and 2017, the total number of SNAP-authorized stores increased from 162,000 to 250,000; the U.S. Government Accountability Office attributes much of the increase to limited service retailers such as dollar stores.<sup>14</sup>
- Most of Dollar General's customers live in households that earn less than \$49,900.<sup>15</sup> When describing Dollar General's core customer base to investors, an executive explained that households making under \$35,000 and reliant on government assistance are the store's "Best Friends Forever."<sup>16</sup>



## *Dollar stores are likely to exacerbate existing diet-related health disparities.*

- Individuals who have better access to supermarkets and less exposure to limited service stores tend to have healthier diets and lower levels of obesity.<sup>17</sup>
- Small food retailers are less likely than supermarkets to sell healthy staple foods, including fresh fruits and vegetables, whole grain-rich foods, and low-fat dairy products.<sup>18,19,20,21,22</sup> A diet of ultra-processed foods leads to greater calorie intake and weight gain than a diet of fresh fruits, vegetables, and other minimally processed foods.<sup>23</sup>
- Dollar stores are filled with processed and nonperishable food, not fresh produce. The fresh and frozen offerings at most dollar stores are limited to processed meats, dairy products, and frozen meals.<sup>24</sup> Only 3% of Dollar General's more than 16,000 stores currently offer fresh produce.<sup>25,26</sup>
- Pressure from community and public health advocates may be turning the tide. Dollar General recently launched DG Fresh, an initiative to provide more fresh produce, and is investing in cold storage and distribution for perishables.<sup>27</sup>

## *Communities can take action to secure fresh, healthier food and beverage options.*

- Dollar stores should commit to stock a wider variety of healthy, fresh options. For example, Dollar General should expand its DG Fresh initiative to bring fresh produce to all its large stores.
- Cities and counties can adopt healthy retail policies to ensure that stores support, rather than undermine, customers' health. Policy options include replacing soda and candy with healthier alternatives in checkout aisles; removing unhealthy food and beverages from end of aisle or other displays, limiting the sale of sugar sweetened beverages to the soda aisle, or restricting where new dollar stores can be built. Tulsa, OK passed a policy curbing dollar store expansion and easing zoning requirements for full-service grocery stores.<sup>28</sup>
- Researchers can evaluate dollar store distribution, as well as in-store marketing practices like placement, promotion, and pricing, to identify interventions that support healthy food purchases.
- Customers can partner with local advocacy groups working to improve the healthfulness of food retail store options and support policies that ensure dollar stores stock healthier food and beverages.

*For more information, please contact the Center for Science in the Public Interest at [policy@cspinet.org](mailto:policy@cspinet.org).*

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<sup>2</sup> Donahue M, Mitchell S. Dollar Stores Are Targeting Struggling Urban Neighborhoods and Small Towns. One Community Is Showing How to Fight Back. *Institute for Local Self-Reliance*. December 18, 2018. <https://ilsr.org/dollar-stores-target-cities-towns-one-fights-back/>.

<sup>3</sup> The Top 50 Grocers of 2019, Ranked. *Progressive Grocer*. May 10, 2019. <https://progressivegrocer.com/top-50-grocers-2019-ranked/>.

<sup>4</sup> Wahba, 2019.

<sup>5</sup> Aubrey A. Dollar Stores and Food Deserts. *CBS News*. December 8, 2019. <https://www.cbsnews.com/news/dollar-stores-and-food-deserts-the-latest-struggle-between-main-street-and-corporate-america/>.

<sup>6</sup> Donahue, 2018.

<sup>7</sup> Troy M. Meet America's Fastest Growing Food Retailer. *Retail Leader*. June 3, 2019. <https://retailleader.com/meet-americas-fastest-growing-food-retailer/>.

<sup>8</sup> Cannuscio CC, Tappe K, Hillier A, Buttenheim A, Karpyn A, Glanz K. Urban Food Environments and Residents' Shopping Behaviors. *Am J Prev Med*. 2013;45(5):606-614.

<sup>9</sup> Big Grocery Chains Leave U.S. "Food Deserts" Parched. *CBS News*. December 7, 2015. <https://www.cbsnews.com/news/big-grocery-chains-leave-u-s-food-deserts-parched/>.

<sup>10</sup> Donahue, 2018.

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<sup>13</sup> Meyersohn N. Dollar General Will Open 975 Stores This Year. *CNN Business*. March 14, 2019. <https://edition.cnn.com/2019/03/14/business/dollar-general-stores-family-dollar/>.

<sup>14</sup> U.S. Government Accountability Office. *Supplemental Nutrition Assistance Program: Actions Needed to Better Measure and Address Retailer Trafficking*. December 2018.

<https://www.gao.gov/assets/700/696433.pdf>.

<sup>15</sup> Wahba, 2019.

<sup>16</sup> Frazier M. Dollar General Hits a Gold Mine in Rural America. *Bloomberg Businessweek*. October 11, 2017. <https://www.bloomberg.com/news/features/2017-10-11/dollar-general-hits-a-gold-mine-in-rural-america>.

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<sup>18</sup> Cavanaugh E, Mallya G, Brensinger C, Tierney A, Glanz K. Nutrition Environments in Corner Stores in Philadelphia. *Prev Med*. 2013;56(2):149-151.

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