

The Freshest Ideas Are in Small Grocery Stores

As big supermarkets struggle, a new crop of local groceries are innovating to serve niche audiences and advance social causes.



By Kim Severson

July 31, 2018

BALTIMORE — Maj. Gene Hogg, the Salvation Army’s commander for central Maryland, organized mobile kitchens after the twin towers fell in Manhattan and the levees broke in New Orleans. He fed protesters and police officers during the riots that erupted here in 2015 after a young man named Freddie Gray died of injuries he received while in the back of a police van. More than 200 businesses were destroyed, many of them places where people bought food.

Once the city calmed down, he pondered his next move. After three days of prayer and fasting, Mr. Hogg had an answer.

“God said I needed to open a grocery store,” he said.

It wasn’t exactly what he had hoped to hear. What Mr. Hogg, 56, knew about grocery stores he could have scribbled on the back of receipt.

Now, three years later, he can talk about produce and Pop-Tarts like a pro. On a recent Friday afternoon he bounded around the aisles of DMG Foods, a bright, 7,000-square-foot, nonprofit grocery store, showing a customer with a baby how to print a coupon and encouraging another to try the freshly ground chicken.

The market, which opened in March in a working-class neighborhood three miles from where the riots began, is one of a growing number of experimental grocery stores that have emerged as traditional supermarkets confront a crisis that industry analysts say could surpass the retail apocalypse that pounded shopping malls a decade ago.



Viola Tull shops at DMG Foods, which is slowly changing its inventory to match the needs of shoppers from the neighborhood. Premade salads, fried chicken and tofu are new additions.

Andrew Mangum for The New York Times



Maj. Gene Hogg of the Salvation Army was the driving force behind DMG, despite the fact he knew nothing about the supermarket business when he started the project. “God said I needed to open a grocery store,” he said.

Andrew Mangum for The New York Times

Most North Americans still buy their food at the classic supermarket, with its wide aisles and seemingly limitless choices. But stores like Kroger, the nation’s largest chain with more than \$105 billion in sales in 2017, are being cannibalized by a host of discount competitors like Dollar General and Aldi on one side, and by the growing dominance of Amazon and online delivery on the other.

“By and large, supermarkets are kind of behind the eight ball” in responding to changes in how people shop, said Diana Smith, the associate director of retail and apparel for the market research company Mintel.

Customers, especially younger ones, want stores that offer what some industry analysts have come to call “food experiences,” with craft beer on tap, meals to go and vegetable butchers. They tend to shop only when they cook, visiting more than one store to collect ingredients, rather than making a weekly trip to stock the pantry with toilet paper, chuck roast and gallons of milk.

Large chains are throwing everything they can at the problem, planning smaller stores customized for different demographics. Kroger, which already sells clothes at some of its stores, has developed a grab-and-go fashion line called Dip, and is testing driverless delivery. The Midwestern chain Hy-Vee is adding medical clinics and spa-inspired bath boutiques to its stores.

But some of the most radical reinvention is happening at the local level, in both cities and small towns, where a new breed of small community stores use the grocery aisles to fill cultural niches and address social needs.



At Nada, a package-free store in Vancouver, British Columbia, customers use reusable containers — their own, or sanitized ones provided in stacks — to shop for groceries.
Martin Tessler for The New York Times

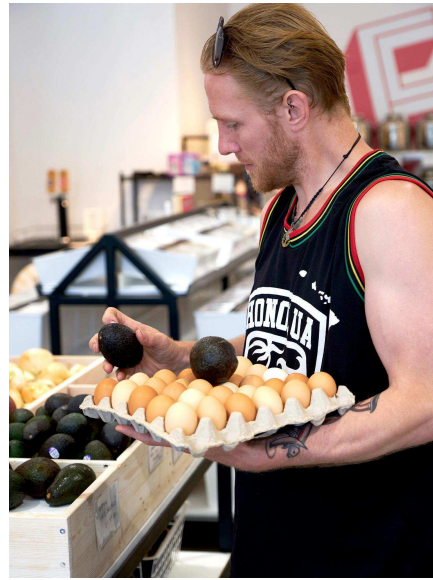
“There’s a lot of innovation that is geared toward bringing people together and back to their food, which is the opposite of the order-your-food-online thing,” said Brianne Miller, 30, the founder and chief operating officer of Nada, a package-free grocery store she opened in June near downtown Vancouver, British Columbia, with her business partner, Paula Amiana.

At Nada, everything, including toothpaste and chocolate, is sold package-free. Shoppers can buy scoops of frozen berries, a handful of crackers and just one egg, if that’s all they need. There’s no plastic wrap or paper at the deli counter. Customers bring their own containers, buy reusable ones at the store or take some from a stack that have been cleaned and sanitized, using a digital scale to weigh and tag them before they start shopping.

The store won’t be equipped to sell fresh meat, but will soon add cured meats and more frozen seafood (caught in a sustainable way, of course). Suppliers, too, have to be willing to reduce waste: A local coffee roaster, for example, delivers beans in refillable bulk containers.



Brianne Miller, a marine-mammal biologist, is Nada's founder. "It was a leap of faith," she said. Martin Tessler for The New York Times



Customers at Nada are able to buy exactly as much as they need — a single egg, for instance, or an entire flat. Martin Tessler for The New York Times

There's a similar store, Zero Market, in Denver, and one called the Fillery planned for Brooklyn. No-waste stores are already popular in parts of Europe, and are popping up in other Canadian cities.

Ms. Miller, a marine-mammal biologist who has a big vegetable garden and likes to bake, opened Nada after she saw how much plastic waste was choking the oceans. "It was a leap of faith," she said.

About 300 people showed up — more than she expected — to shop in the 2,332-square-foot store on its first day. Business continues to beat projections, and Ms. Miller has fielded more than 100 calls from people all over the world who want to know if she plans to franchise or who hope to open their own version.

"It just shows how much people want to buy their food this way," she said.



Kendra and Paul Rasmusson are able to operate Farmhouse Market in New Prague, Minn., by running it essentially without a staff. The market sells a selection of local and organic foods the couple couldn't find at bigger stores nearby. Jenn Ackerman for The New York Times

Two thousand miles away in New Prague, Minn., population around 7,600, Kendra and Paul Rasmusson have been inundated with inquiries from people equally enamored with their grocery concept: a store that is largely unstaffed.

The couple's young daughter has epilepsy, and they discovered early on that a healthy diet could help her feel better. They couldn't find enough local, organic items at the big-box store close to town, and the nearest co-op was 20 miles away. So, almost three years ago, they opened Farmhouse Market.

Ms. Rasmusson, 34, works part time as a marketing consultant and is the primary caretaker for their three young children. Her husband, 40, commutes 90 miles round trip for a banking job in Minneapolis. They calculated what it would take to open their own store, and realized the numbers wouldn't work if they were to run it in a traditional way. There just weren't enough customers.

Then, inspired by a nearby 24-hour fitness center, they had an idea: Why not create a store that didn't need staff, for shoppers who wanted organic ketchup, gluten-free crackers and vegetables from local farmers?

Members pay \$99 a year and use a key card to open the door. They can shop anytime they want. Lights are motion-activated, and checkout is done on an iPad. Local farmers, beekeepers and other suppliers have cards, too, so they can restock their supplies at midnight if they want. Ms. Rasmusson prices items from home, and texts orders to suppliers.

Members can use a space upstairs for community meetings, or hold classes on making kombucha or Spanish for children. And the store is not completely unmanned. It is open to the public nine hours a week, with an actual cashier.



Members use a key card to open the door and can shop anytime they want. The market is also open to the public nine hours a week. Jenn Ackerman for The New York Times

The Rasmussons don't worry too much about theft. They can monitor the store, which is only 650 square feet, with remote cameras. Inventory is tracked digitally, and they have a one-theft-and-you're-banned-forever policy.

"Honestly, I think the small-town thing plays into this," Ms. Rasmusson said. "People feel like it's their market and they need to defend it. They feel invested in it."

Membership is up to 275, and Ms. Rasmusson has been invited to speak at rural food conferences, where people ask if her model or something similar — like the stores Amazon is testing in Seattle, where an app records purchases as the customer leaves — could work in rural areas.

"These rural communities are losing grocery stores, and it isn't making sense to keep them open," she said. "We need new models."

More than 80 people from around the world who are interested in opening a version of her unstaffed store have contacted her since Farmhouse Market opened. "I tell people we just pieced it together and dug in and figured it out," she said.



Members check themselves out on an iPad. Jenn Ackerman for The New York Times

In Baltimore, the Salvation Army market is tackling an urban version of the grocery-store drought. The DMG Foods was built in the front of a Salvation Army distribution center in a neighborhood where families in public housing mix with Johns Hopkins students and older people who grew up there.

Many eat at a nearby McDonald's or a KFC, or walk a quarter-mile to the Giant Food. People around here tend to shop for groceries a day at a time, Mr. Hogg said. Budgets don't allow for big, weekly shopping trips to stock up, and many residents lack a car.

The cheery store, whose name is an abbreviation of the organization's motto, Doing the Most Good, feels a little bit like what Amazon would ship if you typed "grocery store" into the search bar. And in a way, that's what Mr. Hogg did.

The equipment, from the checkout counters to the meat cases, came from another Baltimore community-minded grocery that opened in 2013 but went out of business. The stock comes from C&S Wholesale Grocers, the nation's largest independent grocery distributor, which gives Mr. Hogg a discount.

The grocery cost \$2.2 million to set up, and his operating costs are low because the Salvation Army handles human resources and some other business operations. The power company takes a quarter off the energy bill. Donations and grants pay for education and training.

"We didn't do this to make money selling groceries," Mr. Hogg said. "We did this so people could have a neighborhood grocery store with fresh food."

The city's food bank pitches in, so customers who say they are poor enough to qualify for government food stamps get a little something extra at the checkout counter. Sometimes it's 10 pounds of chicken, other times a small box of snacks.

The store is intended to serve as a work-training site, and Mr. Hogg is planning cooking demonstrations to teach shoppers how to eat better. There are baskets of free fruit for children.

Still, the store has plenty of chips and sodas. "You can't tell people what to eat," he said, and choice is a matter of dignity when you're poor. So is the simple act of shopping. "There's something about saying, 'I buy my own groceries,'" he said.

He and the managers are learning what customers want. They added Goya products, fresh ginger and tofu, which is popular with college students and older shoppers. Bagged salad mixes didn't sell, but prepared ones did. They added fried chicken along with rotisserie chickens, which at \$4.99 are cheaper than at other grocery stores.

George Turner-El, the butcher at DMG Foods in Baltimore, plans to start a training program so young people in the neighborhood can learn meat-cutting skills.
Andrew Mangum for The New York Times

There are some surprises, like the popularity of fresh liver. “We got no shrink on liver,” said George Turner-El, the butcher, who never has to throw any out.

People from the neighborhood who stopped in one day in July said they didn’t expect the store to be so nice or so inexpensive.

“At first, we were like, ‘What is this?’” said Jamie Rogers, 31, who was shopping with her sister, Stephanie Rogers, 29.

Jamie bought the ingredients for pepper steak and rice, and realized it cost her only \$8. At Giant Food, she would have had to pay about \$15, and she would have endured a long walk there and back, she said.

Carol Parker, the cashier, scanned their groceries. As she bagged the food, she reminded the sisters always to check for weekly specials.

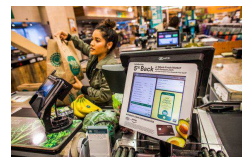
She did a little cheerleading, too. “What has Giant ever done for you? What has Safeway ever done for you?” she asked. “We’re your store.”

More on Grocery Stores

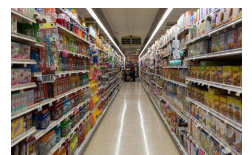
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Correction: July 31, 2018

An earlier version of this article misspelled the surname of the couple who operate Farmhouse Market. They are Kendra and Paul Rasmusson, not Rasmussen.

Correction: August 1, 2018

An earlier version of this article misidentified a grocery store in Baltimore. It is Giant Food, not Food Giant.

Kim Severson is a Southern-based correspondent who covers the nation's food culture and contributes to NYT Cooking. She has written four books and was part of a team that won a Pulitzer Prize in 2018 for public service for reporting on workplace sexual harassment issues. @kimseverson • Facebook

A version of this article appears in print on Aug. 1, 2018, on Page D1 of the New York edition with the headline: A Fresh Approach