Filling the Grocery Gap in Peoria.

This report intends to bring the local challenge of filling the grocery gap in underserved neighborhoods into focus with local, regional and national factors and grocery industry trends. It also aims to provide foundational market insights for public and private organizations and individuals interested in pursuing the development of new grocery stores in Peoria's underserved neighborhoods.

Any developments that may arise from information gleaned from this report should be used first and foremost to serve the community and address the ultimate question: **what can be done to provide appropriately priced and accessible fresh and healthy foods, and financially sustainable grocery businesses in Peoria's underserved neighborhoods?**

Beyond the intention to be used as a tool to catalyze and inform action-oriented conversations related to grocery stores, this report should not be considered professional financial advice for any person or business. Those with the spark to start healthy, accessible, food-based businesses in their community should consult appropriate business development professionals, such as those listed in this report's resource section.

Before digging in to the whole report, here are a few highlights regarding the information you will find inside:

PRIMARY TAKEAWAYS

- The global grocery industry is rapidly changing and experiencing major disruptions.
- Competition is extremely high among chain grocery retailers as discount stores as online retailers claim more of the market share.
- Brick-and-mortar grocery retail is actually on the rise, although it will look different than the traditional supermarket landscape with more small format stores and incorporation of new technologies.
- Due to low purchasing power and low population density, the Southside and East Bluff neighborhoods are likely overlooked as they do not meet the standard market indicators for traditional chain grocers.
- Surveyed residents near the closed Kroger stores desire a new grocery option to fill the resulting grocery gap despite having found alternative places to shop.
- Alternative grocery retail models must be identified and piloted to fill a gap that traditional larg.e-format grocery stores may no longer fill.
- Numerous existing efforts and resources exist related to fresh food access in Peoria; these should be coordinated and leveraged in any future effort to launch new grocery retail options that best serve communities with low access

NEXT STEPS

- Community meetings to share the report, discuss the conclusions and recommendations, and discuss the opportunities and challenges of operating a grocery business.
- Identify entrepreneurs and/or organizations interested in launching and operating a grocery business that serves the Southside and/or East Bluff neighborhoods.
- Use data collected for the report, along with further market analyses and business development resources, to assist in the creation of feasible grocery business plans for the Southside and East Bluff neighborhoods.
- align these efforts with the overall regional food system strategy.

Introduction

Healthy food access in mid-sized cities continues to present a challenge to policymakers, nongovernmental organizations, and activists working to eliminate disparities in equitable access to healthy food.

Even in predominantly agricultural regions such as the Greater Peoria area in Central Illinois, Peoria County persists as one of the highest rates of household food insecurity in the state. With 36% of the population eligible for federal nutrition programs such as SNAP and WIC, the region continues to place a great deal of pressure on the community's emergency food system. At the same time, the closure of supermarkets and grocery stores in low-income neighborhoods presents a new challenge for obtaining affordable food.

Rapid changes and growing competition in the national retail grocery industry further complicate the issue. Like any major industry, national and global grocery companies base their business decisions—such as store locations and product offerings—on U.S. consumer trends, population densities, commuting patterns, and other market factors in their ultimate effort to maximize profits and minimize cost. Because of this, business decisions by national and global grocery retailers may overlook the food access needs at the neighborhood level, especially historically underserved neighborhoods.

The added challenges of technological innovation, increasing fragmentation of consumer food dollars, and shrinking profit margins in retail grocery further disrupt the marketplace. These industry disruptions must also be considered in the pursuit of healthy, affordable grocery access in underserved neighborhoods.

THE CATALYST FOR A GROCERY RETAIL STUDY

In January of 2018, Peoria residents experienced first-hand the impact on grocery access generated by a market-driven decision of a national grocery chain. Kroger—the world's largest supermarket chain by revenue, headquartered in Cincinnati, Ohio—shuttered the stores on Harmon Highway and Wisconsin Avenue. These stores served Peoria's Southside and East Bluff neighborhoods respectively. These two neighborhoods contain the metro area's highest levels of poverty and lowest levels of food access.

Following the closure of the Kroger stores, an action group developed through a series of meetings led by Illinois Senator Dave Koehler. As a result of these meetings, partners in the Regional Fresh Food Council embarked upon a study to examine the impact of the closure on local residents and reveal potential factors that led to the closures.

This report discusses findings from the study, which included **a resident survey, interviews with local independent and chain grocery store managers, a regional demographic and market analysis, and additional grocery industry research**. While the focus of the study centered around the impact of the grocery store closures on residents in the Southside and East Bluff neighborhoods, the analysis was expanded to include additional perspective provided by looking at the Greater Peoria Region and national retail grocery trends shaping the market.

Ultimately, this report aims to support the development of grocery retail options in underserved Peoria neighborhoods with local, regional, and national market data and analyses and provide recommendations of actions to strengthen the local/regional food economy.

The data and research collected throughout the study and delivered in this report aims to encourage data-informed and market-aware decision making for new local/independent grocery businesses, chain grocery retail attraction, and provide insights to help tie any future grocery store efforts to existing food security initiatives in the region.

DRIVEN BY THE REGIONAL FRESH FOOD COUNCIL

The RFFC, formed in 2015, is a growing network of 100+ organizations and individuals working, volunteering, or interested in local food system development. The vision is to create a region with a thriving food system that efficiently produces affordable, accessible, healthy food, and acts as a driver food-based community and economic development.

The Changing Grocery Retail Landscape

The brick-and-mortar retail industry continues to face immense challenges as shopping habits of consumers shift to online platforms. This has become increasingly visible in recent years during the so-called “retail apocalypse” that has hollowed out box stores and shopping centers around the country. We have grown accustomed to closure, consolidation, and bankruptcy announcements from major retailers of consumer goods such as Bon Ton, Sears, Toys R Us and Payless Shoes. By 2026, one recent analysis predicts, another 75,000 retail locations in the U.S. will be shuttered.

Contrary to this retail dilemma for consumer goods, brick-and-mortar for grocery retail business has expanded. In 2018 grocery retailers added an estimated 17 million square feet to their brick-and-mortar footprint, a nearly 30% increase. This reflects both the unique nature of grocery retail (more necessity than other goods) and the ability of majors grocers to keep pace with industry changes.

Given the overall expansion of the grocery industry, what might prompt Kroger to close two Peoria-area locations? Although a specific and detailed explanation for the two Peoria-area Kroger closures may forever remain within the walls of the company’s corporate headquarters in Cincinnati, OH, an overview of grocery retail intelligence may shed light on their decision. Despite the apparent boom, the grocery industry is fraught with disruption, thinning profit margins, and growing competition.

In any case, a better understanding of the state of the industry-at-large can put local matters into the national context and better prepare local residents, businesses, and governments for the future of grocery shopping. Continuous monitoring of this rapidly changing industry can inform both the business planning for alternative local/independent grocery businesses and any business attraction efforts intending to fill the grocery gap in Peoria's most underserved neighborhoods.

RAPID CHANGES TO THE GROCERY INDUSTRY

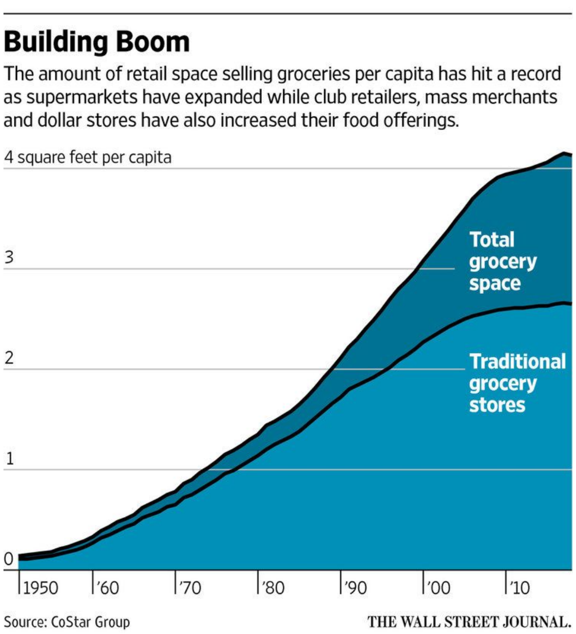
The retail grocery industry is rapidly changing at the national and global scale. The disruption caused by e-commerce corporations such as Amazon; a proliferation of technologies to streamline and enhance the customer shopping experience; and growing competition from discount stores are driving grocery corporations to rethink their traditional models of operation to remain profitable.

Before more recent reports that show an increase in overall grocery square footage last year, the decade of growth previous to the January 2018 closures had resulted in an overabundance of grocery retail space. Mainstream grocery retailers had slowed openings in the face of an increasingly saturated market. And although the grocery industry has continued to grow, U.S. grocery sales have recently been in decline.

At the same time that mainstream supermarkets are dealing with an overcapacity of retail space, discount stores (such as Aldi and Dollar General) continue to expand, further fragmenting the share of consumer dollars. The addition of discount grocers continue to drive prices down while at the same time raising the expectation for cheaper food products. Beyond discount grocers, online grocery sales increased by 15% between 2016 and 2018.

A report by McKinsey & Company predicts a gloomy forecast for traditional grocers. They say by 2026 massive shifts in revenues to new channels could drastically alter the grocery retail landscape:

Much of the $5.7 trillion global grocery industry is in trouble. Although it has grown at about 4.5 percent annually over the past decade, that growth has been highly uneven—and has masked deeper problems….And it could get much worse. If grocers don't act, they'll be letting $200 billion to $700 billion in revenues shift to discount, online, and non grocery channels. Monumental forces are disrupting the industry….When the dust clears, half of traditional grocery retailers may not be around.



This report goes on to attribute the industry disruption to: changing consumer habits and preferences; aggressive competitors and the emergence of alternative sales channels; and the emergence of new technologies.

In the report's outline of critical areas of focus for grocers to remain competitive it suggests companies "rethink" all of their real estate. Mainstream grocers such as Kroger appear to doing just that. For instance, Kroger states in their Restock Kroger corporate strategy:

Kroger will reallocate significantly more of the capital that has been traditionally ear-marked for brick and mortar projects to fund technology and infrastructure upgrades and to create alternative revenue streams.

The closures in the Peoria area may fall into this overall strategy for Kroger and other major grocery retailers as they retool their real estate footprint and direct more resources to keep pace technologically and logistically. The closures appear to be linked to a shuffling of locations during the 2017 fiscal year. Kroger closed 40 stores nationwide throughout the same fiscal year as the Peoria-area closures and opened 42 new or relocated stores according to their FY2017 shareholder report.

At the time of the Peoria-area closures, Kroger officially stated that poor financial performance at the stores forced the decision. In the time leading up to the closures, Kroger experienced a period of lower revenues and a drop in operating income. This may have been a factor in choosing to close certain locations. As the demographic and market analysis overview points out later in this report, the waning population and lower purchasing power of the neighborhoods surrounding the closed locations may have in fact impacted the revenue performance of those stores resulting in their inclusion in that year's closure list.

Kroger is also putting focus into attracting customers with greater purchasing power by increasing organic offerings and expanding into affluent markets in cities such as Baltimore and Washington D.C. The company's attempt to capture more of this key market with greater profit margin potential is likely demonstrated in the two Peoria-area closures. The closures likely increased foot traffic to their other Peoria-area locations, in areas with greater population and traffic density and proximity to competitors such as Hy-Vee.

According to Business Insider, while the largest retailers rethink their strategies, the discount stores continue to expand and increase their influence on the grocery market:

This no-frills, bargain-hunters' paradise is growing at a level that is largely "unthinkable" in retail, Credit Suisse analysts wrote in June. In 2017, Dollar General opened new locations at a rate of around four stores a day. In 2018, it opened 900 stores, and in 2019, it plans to open 975 more.

The same report also shows that although the majority of Dollar General stores do not currently carry fresh food, their interest in expanding these offerings continues to grow as they look to better compete with Walmart for mid-week shopping. This interest is encouraged by a significant increase in sales at their 300 stores that currently carry fresh produce. Dollar General also continues to dominate in rural and low-income suburban areas that are often considered food deserts. This gives additional incentive to consider more fresh food offerings and take advantage of the gap in access.

In fact, in March of 2019, Dollar General announced a rapid expansion of their fresh produce program, as well as a new streamlined self-checkout program, in their report to shareholders:

Looking ahead to 2019, we are excited to introduce two new transformational strategic initiatives, DG Fresh and Fast Track. DG Fresh, which is designed to enable self-distribution of fresh and frozen products, is already up and running in approximately 300 stores and Fast Track, which we believe will enhance in-store labor productivity and customer convenience, is launching soon.

Their 2019 goal is to expand DG Fresh program to over 5,000 stores and further invest in refrigeration in both their distribution centers and stores. The expansion of Dollar General into fresh foods should be of particular interest to Peoria-area residents living near a Dollar General as well as independent grocers given the potential for disruption of the food retail market. A report for the Institute for Local Self-Reliance states:

"Although dollar stores sometimes fill a need in places that lack basic retail services, there's growing evidence that these stores are not merely a byproduct of economic distress. They're a cause of it. In small towns and urban neighborhoods alike, dollar stores are leading full-service grocery stores to close. And their strategy of saturating communities with multiple outlets is making it impossible for new grocers and other local businesses to take root and grow."

Further research and analysis of the proliferation of discount stores is needed and is critical in the ongoing efforts to establish sustainable retail grocery options in Greater Peoria's underserved urban and rural communities.

Additionally, Hy-Vee and Amazon both have launched small store models which they intend to replicate. Hy-Vee's Fast & Fresh convenient store concept—piloted in 2018 in Davenport, IA—offers all the standard groceries as well as prepared meal kits within a 10,000 square-foot location. The store also operates as a gas station and houses a full-service Starbucks. This store

Amazon, in an attempt to compete with Walmart and discount retailers, is retooling the Whole Foods 365 stores as discount grocery stores. They are also exploring rural locations that may double as both grocery stores and distribution centers. Both of these models, and others like them, could be furthered explored for their potential to locate in underserved Peoria-area neighborhoods.

Beyond the new brick-and-mortar models of global players, grocery delivery services are also set to expand. Wal-Mart and Amazon recently launched a pilot program in New York to accept SNAP payments for online grocery shopping. This two-year pilot is intended to develop best practices for scaling the acceptance of SNAP by online grocery retailers.

The Lyft Grocery Access Program will also expand in 2019 to include a total of 15 cities to offer discounted flat-rate rides to grocery stores for residents with limited transportation options.

Given the rapid changes throughout the global grocery industry due to relentless disruptions to the traditional model, community members and business leaders interested in filling the fresh grocery gap in underserved neighborhoods need to focus on the industry's leading edge to either attract newly available grocery store models and/or develop independent businesses able to withstand this growing competition and sustainably fill the grocery gap.

Demographic & Market Analysis

Understanding regional demographics is key to this study. Population and median household incomes for the region and in the neighborhoods impacted by the grocery store closures highlight critical issues for business sustainability. Retailers are constantly assessing regional market conditions for proposed and existing stores utilizing market data.

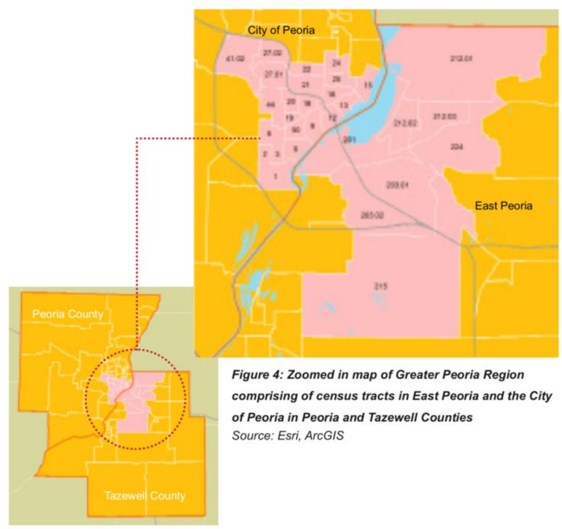


Figure 4: Zoomed in map of Greater Peoria Region comprising of census tracts in East Peoria and the City of Peoria in Peoria and Tazewell Counties
Source: Esri, ArcGIS

Researchers with University of Illinois Extension collected and analyzed demographic and market data relevant to the areas impacted by the stores closures. The researchers analyzed data at the census tract level of the Southside and East Bluff neighborhoods likely to have been impacted the greatest by the recent Kroger closures. They also included analysis of the cities of Peoria and East Peoria, as well as Peoria, Tazewell and 10 surrounding counties to put the neighborhoods in context of the larger region.

Following are the general takeaways from that analysis that may play a role in Peoria's changing grocery retail landscape. The analysis highlights that population changes, purchasing power, and retail grocery saturation are leading considerations.

Note: Figure numbers correspond with those in the referenced analysis

POPULATION CHANGES

Tazewell County is growing at a much faster rate than Peoria County.

Within the 10 County Intra-region, Peoria and Tazewell counties continue to be major population centers. From 1950-2010, both of these counties constituted approximately 50% of the regional population. Though Peoria has steadily continued to gain people (24% of the regional population in 1900 to 27% in 2010), Tazewell County's population change has been more pronounced, from 9% of the regional population in 1900 to 20% in 2010.

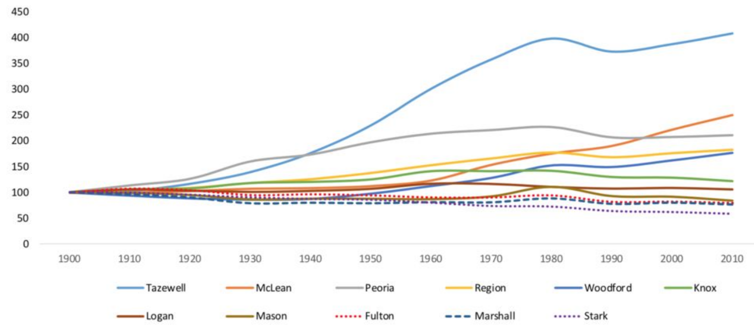


Figure 2: Indexed Population trends Peoria, Tazewell, and its surrounding 10 County Intra-region (1900-2010)
Source: Census U.S. Decennial County Population Data, 1900-1990, Census Data-2000 and 2010

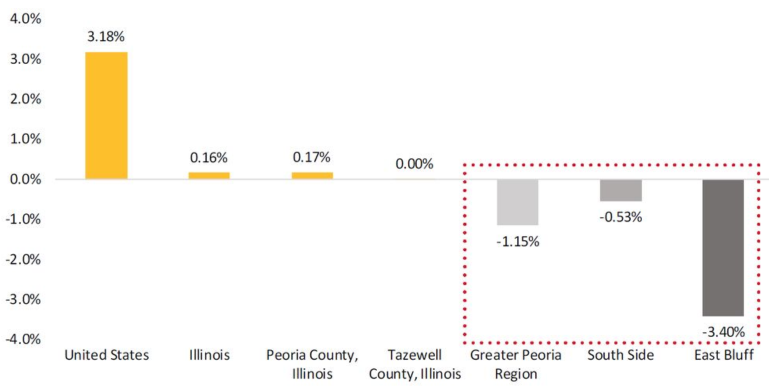


Figure 6: **Population change *(2010-2016)***
Source: 2010 Census and ACS 2012-2016, U.S. Census Bureau

The population has declined in the East Bluff and Southside neighborhoods.

The East Bluff neighborhood experienced a higher population decline than the Southside neighborhood. From 2010 to 2016, within the Greater Peoria Region, the total population of the East Bluff neighborhood decreased by 3.4% (from 12,259 to 11,842 residents), compared to the Southside neighborhood, which experienced a 0.53% decrease in its overall residents (12,837 to 12,769 residents).

Population Pyramid for East Bluff and Southside Neighborhoods.

The East Bluff and Southside Neighborhoods, like the Greater Peoria Region, have fewer men than women. The population pyramids for these neighborhoods are almost the shape of a "pyramid" - a broad base and narrow top, indicating a "growing and younger population;" East Bluff has more "working age group individuals" -30-34 years of age, compared to Southside, which has a growing population of "5 years and under" age group.

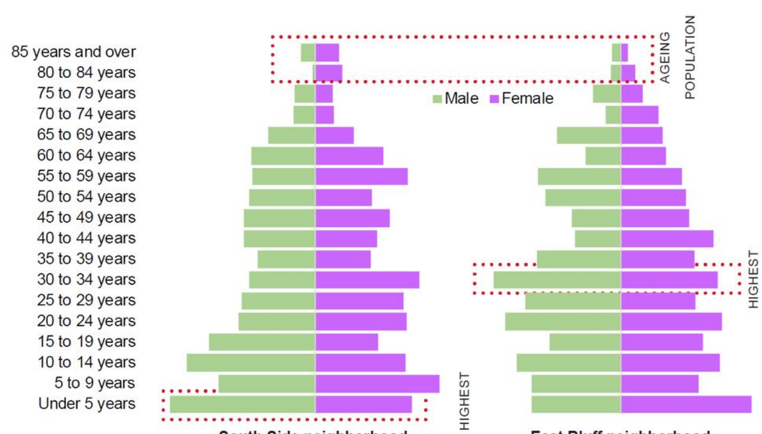


Figure 11: **Population Pyramid (by percentage) of the South Side and East Bluff neighborhoods *(2012-2016)***
Source: ACS 2012-2016, U.S. Census Bureau

PURCHASING POWER

Median incomes lowest in Southside and highest in Tazewell County

In 2016, across all geographies (United States, Illinois, Peoria County, Tazewell County, the Peoria/East Peoria targeted study area, East Bluff, and Southside neighborhoods), the median income of Tazewell County residents at $60,178, was the highest.

Residents of the Peoria/East Peoria Study Area, East Bluff, and Southside neighborhoods had median incomes less than the national, state, and county averages. In 2016, the median income of Southside residents at $22,247, was a third of the median income of Tazewell County residents. Table 13 also shows that for almost the same number of households (approx. 4,500 total households), the median income of Southside residents was almost 40% less than that of East Bluff residents.

Table 13:* Median household income *(2012-2016)

Geography	Total households	Median household income (dollars)
United States	117,716,237	55,322
Illinois	4,802,124	59,196
Peoria County, Illinois	75,406	51,632
Tazewell County, Illinois	54,612	60,178
Greater Peoria Region	41,136	39,543
South Side	4,379	22,247
East Bluff	4,661	38,488

Source: ACS 2012-2016, U.S. Census Bureau

Concentration of poverty in Southside and East Bluff neighborhoods

The 10-county Greater Peoria Region had a poverty rate of 22.7%, higher than the national and state average. Approximately 45.1% of Southside residents and 23.2% of East Bluff residents had income below poverty level.

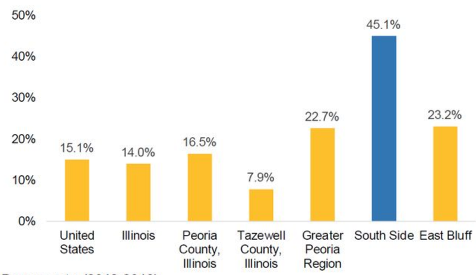


Figure 14:* Povery rate *(2012-2016)

Source: ACS 2012-2016, U.S. Census Bureau

Across the region, children have higher poverty rates. Even though the overall poverty rate for the region is 22.7%, 34.3% of children under the age of 18 were living in poverty. Likewise, the poverty rates for children of East Bluff and Southside Neighborhoods are elevated as well—60.9% of South Side children under the age of 18 years of have the highest poverty rate compared with national, state, county and local averages.

By race, the highest poverty rates in the Greater Peoria Region were for American Indians and Alaska Natives (71.5%) and Blacks or African Americans (40.7%). Approximately 47% of all Blacks or African Americans in the Southside neighborhood had income below the poverty level. A third of all Blacks or African Americans in the East Bluff neighborhood had income below the poverty level, the highest for that area. For the Hispanic or Latina population within the Greater Peoria Region, 37.4% had income below the poverty level. Likewise, a third of all East Bluff's Hispanic or Latina residents and less than half of Southside's Hispanic or Latina residents had income below the poverty level.

Table 7: Poverty rate by race and ethnicity (2012-2016)

Geography	White alone	Black or African American alone	American Indian and Alaska Native alone	Asian alone	Hispanic or Latino origin (of any race)
United States	12%	26%	28%	12%	23%
Illinois	10%	30%	21%	12%	20%
Peoria County, Illinois	12%	37%	32%	11%	27%
Tazewell County, Illinois	8%	31%	34%	5%	7%
Greater Peoria Region	15%	41%	71%	22%	37%
South Side	38%	47%	95%	0%	45%
East Bluff	17%	32%	0%	64%	30%

Source: ACS 2012-2016, U.S. Census Bureau

High utilization of Supplemental Nutrition Assistance Program (SNAP) in Southside and East Bluff

SNAP is a federal program to supplement and improve nutrition needs of low-income people by increasing their food purchasing power. In fiscal year 2016, SNAP assisted nearly 44.2 million people; about 14% of the total U.S. population, about one in seven Americans.

Within the Peoria/East Peoria targeted study area, 21.6% (8,866) of all households received SNAP benefits, which is higher than the national (13%), state (13.3%), and county (Peoria at 14.1% and Tazewell at 9.7%) averages.

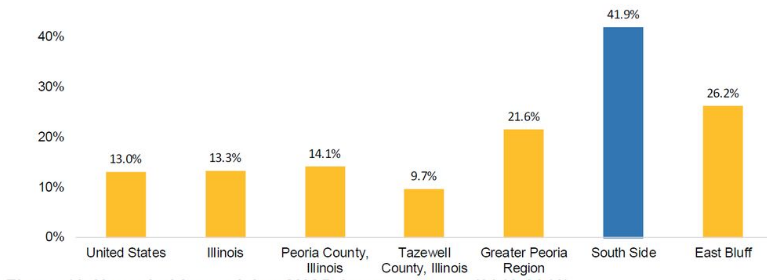


Figure 16: **Households receiving SNAP, by percentage, *(2012-2016)***

Source: ACS 2012-2016, U.S. Census Bureau

Likewise, about 42% of all Southside and 26% of all East Bluff residents received SNAP benefits, which is higher than the national, state, county, and local averages.

Of all households receiving food stamps, 65% of Southside and 58% of East Bluff residents were below the poverty level and 54% of South Side and 60% of East Bluff residents had children under 18 years of age.

Lower than average food expenditures in Southside and East Bluff

Table 14 provides a more detailed look at average estimated household spending on retail goods and services. As with the Household Budget Expenditures, spending in each category is indexed against the national average. The average expenditures in the food sub-categories in each geographic area mirror the estimates in the household budget expenditures table.

Within the Food category, spending in the 10-County Region is near the national average. The East Bluff and Southside are estimated in this category at 66% and 47% respectively. These levels are unsurprising given the household income profile of these areas in comparison to the U.S. national average household income.

Table 14: **Estimated Household Budget Expendtures**

	Ten County Intra-Region		Greater Peoria Region		East Bluff Neighborhood		South Side Neighborhood	
	Spending Potential Index	Average Spent	Spending Potential Index	Average Spent	Spending Potential Index	Average Spent	Spending Potential Index	Average Spent
Total Expenditures	93	$64,404.65	75	$51,672.08	65	$44,834.35	45	$31,289.44
Food	94	$7,848.63	76	$6,346.67	66	$5,553.31	47	$3,925.54
Food at Home	95	$4,767.93	77	$3,863.07	67	$3,390.50	48	$2,411.11
Food Away from Home	92	$3,080.70	75	$2,483.60	65	$2,162.81	45	$1,514.43
Alcoholic Beverages	92	$509.71	74	$412.16	64	$356.48	43	$241.67
Housing	92	$19,488.07	75	$15,968.00	65	$13,809.19	46	$9,873.28
Shelter	90	$14,675.95	74	$12,082.99	64	$10,410.33	46	$7,388.69
Utilities, Fuel and Public Services	96	$4,812.12	77	$3,885.01	67	$3,398.86	49	$2,484.59
Household Operations	91	$1,687.33	72	$1,335.81	62	$1,148.43	42	$785.06
Housekeeping Supplies	95	$678.62	76	$542.04	66	$470.08	47	$332.47
Household Furnishings and Equipment	94	$1,828.41	75	$1,460.81	65	$1,267.85	44	$864.09

TAPESTRY SEGMENTATIONS

Tapestry segments are a classification of household types. According to ESRI, Tapestry Segmentation "provides an accurate, detailed description of America's neighborhoods—U.S. residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition."

Each segment has a full profile that includes demographic information and market preferences. The segment profiles can be further explored at the ESRI Demographics website. This tool informs business planning to better understand consumer preferences and purchasing power in a given area. Below are the top Tapestry Segmentations with the study area.

Regional Study Area (10-county and Peoria/East Peoria): Rustbelt Traditions

The backbone of older industrial cities in states surrounding the Great Lakes, Rustbelt Traditions residents are a mix of married-couple families and singles living in older developments of single-family homes:

While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. Rustbelt Traditions represents a large market of stable, hard-working consumers with modest incomes but an average net worth of nearly $400,000. Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years.

East Bluff: Traditional Living

For the East Bluff, the Traditional Living Segmentation ranked highest and is described as residents who live primarily in low-density, settled neighborhoods in the Midwest:

The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

Southside: Modest Income Homes

The Modest Income Homes Tapestry Segmentation tops the list in the Southside neighborhood. ESRI provides the following description:

Families in this urban segment may be nontraditional; however, their religious faith and family values guide their modest lifestyles. Many residents are primary caregivers to their elderly family members. Jobs are not always easy to come by, but wages and salary income are still the main sources of income for most households. Reliance on Social Security and public assistance income is necessary to support single-parent and multigenerational families. High poverty rates in this market make it difficult to make ends meet. Nonetheless, rents are relatively low, public transportation is available, and Medicaid can assist families in need.

RETAIL GROCERY SATURATION

It should be noted that the gap/surplus estimates and store location map have likely changed since the closures of grocery stores within the area. This section of the report was created with the most current data available in late 2018. Additional updates will be made when new data are available.

Gaps & Surplus in Retail Grocery

Where demand exceeds sales—when the spending of residents exceeds the amount purchased in a geography—leakage has occurred. This means that the demand in a given category is not totally satisfied within the geography and there is **retail gap** as residents of the geography are making some of their purchases of that good or service outside the geography's boundaries. A retail gap may present the opportunity for business development.

When a greater amount of a retail good type is purchased within the geography than is demanded by residents of that geography a **retail surplus** has occurred. In this case, businesses within the geography have not only met local demand, but they have attracted spending from outside of the geography's boundaries.

In the **10-county region** surrounding Peoria, in 2017 there was an estimated **retail surplus of $399 million for grocery stores** and a retail gap of $23.1 million for specialty food stores.

For the **Peoria/East Peoria area** there was an estimated **$10.7 million retail gap for grocery stores** and a retail surplus of $3.3 million for specialty food stores.

In the **East Bluff** neighborhood in 2017 there was an estimated **retail surplus of $19.5 million for grocery stores** and a retail gap of $943,000 in specialty food stores.

In the **Southside** neighborhood in 2017 there was a **retail gap of $3.4 million for grocery stores** and a retail gap of $636,000 in specialty food stores.

It should be noted that these estimates have likely changed since the closures of grocery stores within the area.

Additional information about the methodology that ESRI uses to create the Retail MarketPlace Profile is available at the following link: https://support.esri.com/en/white-paper/3569

Grocery Store Locations

These map show the location of grocery stores and superstores within the study area. In total the analysis found eight grocers within the Southside neighborhood and four stores selling groceries within the East Bluff neighborhood. When analyzing a ring within 5 miles of the two neighborhoods there were a total of 44 grocery stores and five superstores.

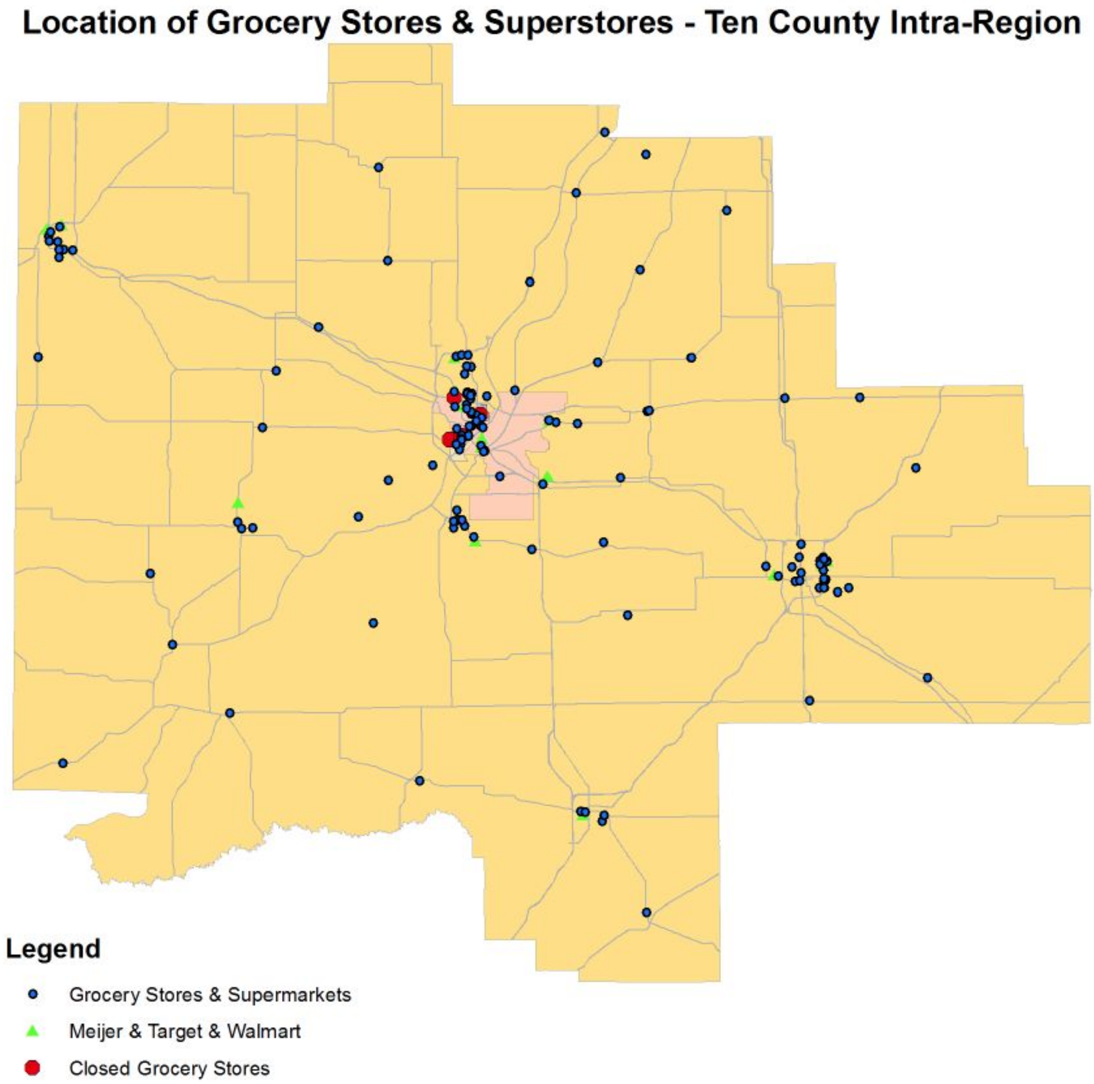


Figure 22: **Location of Grocery Stores and Superstores**

Since the Kroger closures, a community member compiled this map of existing grocery and convenient store locations via an informal survey process. This map can be further developed and regularly updated to provide a current directory of area grocery stores.

Commuting Patterns

It's important to note that the regional market is further impacted by the labor market. For the 98,622 workers who are employed in Peoria County, approximately 30% live in the City of Peoria, small percentages are from East Peoria, Pekin, Washington, and Morton, and 51% of workers coming into Peoria from the larger region. Daytime population increases by 15,759 workers.

FACTORS SUPPORTING AND HINDERING GROCERY RETAIL IN THE IMPACTED NEIGHBORHOODS

Factors supporting Grocery Retail

Net Job Inflow for the targeted study area of Peoria/East Peoria 20,717 workers who live in other areas are coming into the community to work

Market analysis illustrates gap in speciality food market as an opportunity

Strong preferences indicated by Grocery Store Access Resident Survey respondents for neighborhood market

Rustbelt Traditional tapestry segmentation with strong ties to the area

Limited access to fresh foods

Limited means for transportation

Growing population of “5 years and under” age group in Southside Neighborhood

In the South Side neighborhood in 2017, there was a retail gap of $3.4 million for grocery stores and a retail gap of $636,000 in specialty food stores.

Factors that may hinder Grocery Retail in the Impacted Neighborhoods

Concentrated poverty

Limited transportation alternatives

Loss in overall population

Saturation of the grocery retail market at the regional level

Lower than national averages in household budget expenditure for food (both food at home and food away from home)

Utilization of SNAP benefits higher than state and national levels

In the East Bluff neighborhood in 2017, there was an estimated retail surplus of $19.5 million for grocery stores (possibly changed following the Kroger closure).

Want to take a deeper diver into the demographic and market analysis? Find it on the resources page.

Resident Survey Summary

This survey aimed to answer two main questions about the residents in the neighborhoods adjacent to the former Kroger stores:

How did the closures **impact shopping ability and access to food**?

What are the **shopping preferences** of residents?

The results intend to provide insights for both food access initiatives and for the startup, expansion or attraction of future grocery stores.

It is important to note that this survey is based on a convenience sampling process. Although promotion of the survey was focused in the neighborhoods served by the Kroger stores that closed in 2018, a random sample was not established. It is important to note that participants self selected and do not necessarily represent the grocery shopping needs and habits of the overall population. Learn more about the survey process in the methods section of this report.

The residence location of survey participants was established by asking their zip code. The Southside is generally defined by the 61605 zip code, the East Bluff is generally defined by the 61603 zip code, and 61604 covers additional adjacent neighborhoods that may have been impacted.

918 people responded to the survey, with **245** (27%) respondents living in 61603, **130** (14%) in 61604, and **245** (27%) in 61605. **620** (68%) survey respondents lived in these zip codes assumed to have been impacted greatest by the closures. The remainder either lived in other zip codes or did not provide an answer.

SURVEY DEMOGRAPHICS

Respondents represented an ethnically diverse population, with significant participation from the Black or African American residents from Southside and East Bluff neighborhoods.

Key descriptors for those who shopped at Harmon Highway and Wisconsin avenue.

63% of respondents were between 25-64 years of age, 13% of respondents were over 64 years of age

Roughly half of respondents who shopped at either location are living with someone under the age of 18.

588 (64%) of all survey respondents regularly shopped at one of the closed Kroger stores.

Of those, 285 indicated that they shopped at **Wisconsin Avenue Kroger** location with:

175 respondents (61%) residing in 61603;

25 respondents (8%) residing in 61604,

21 respondents (8%) residing in 61605

Of the 284 who indicated that they shopped at **Harmon Highway Kroger** location

177 respondents (62%) reside in 61605

6 respondents (2%) reside in 61606

7 respondents (2%) reside in 61603

30 respondents (11%) reside in 61604

IMPACT OF CLOSURES

The closures had an impact on access; Most were adjusting, but some continued to struggle.

Survey respondents from both the East Bluff and the Southside neighborhoods indicated that the closing of Kroger store impacted their ability to get the groceries they need, but the majority said they were adjusting.

For those who had indicated one of the closed Kroger locations as their primary grocery location for buying groceries, 42% of respondents who shopped at the Harmon Highway location and 36% who shopped at the Wisconsin Avenue location indicated they were still struggling to adjust six months following the Kroger closures.

While portions of the Southside and East Bluff neighborhoods meet USDA criteria for food deserts, for the most part, respondents indicated they have readily found a nearby grocery alternative. Some choosing another Kroger store, while for others Aldi's and Hy-Vee have become their new grocer.

Driving the dominant mode of transportation, before and after closures.

While the majority of individuals drive or ride with another family member or friend, access by bus follows national patterns with around 12% of the respondents indicating travel by bus for groceries. Walking to the grocery store was reported as a mode of transportation for approximately 5% of respondents.

Since the closings, respondents reported increased travel by vehicle to purchase groceries and a reduction in walking. Although respondents have chosen alternative places to shop, there are now additional travel expenses and the mode of transportation can also affect their purchases. Riding the bus or with others may limit the number of bags of groceries purchased or their abilities to buy in bulk.

Less than half reported sufficient access to healthy foods

Ease of access to healthy food remains the most critical concern, with research clearly demonstrating the food environment influences consumer food selection and health outcomes (Beaulac et al., 2009, Gustafson et al., 2013).

Survey respondents echoed these concerns with only 48% of all respondents indicating their household has access to healthy food. That number dipped to 40% for respondents who shopped at Harmon Highway and 52% for respondents who shopped at the Wisconsin Avenue Kroger stores.

Only 48% of all respondents indicated someone in their household can afford to buy all the food needed for the family (42% of respondents who shopped Harmon Highway and 50% of respondents who shopped Wisconsin Avenue Kroger Stores previously). When asking about whether an individual in the household can afford fresh food products, for those who shopped at either Wisconsin or Harmon Highway Kroger locations, approximately 46% of respondents indicated that they could always afford fresh food products.

Food pantries are a likely option for many

Being able to afford all the food needed for the family remains a critical concern. Approximately 49% of respondents indicated that they were either likely or very likely to get their groceries from a food pantry if available in their neighborhood. For those who shopped at the Harmon Highway Kroger location, 52% of respondents indicated the same concern, and similar for those who shopped the Wisconsin Avenue location. Additionally, 45% of respondents indicated they are likely or very likely to get food from a food pantry.

Approximately 42% of respondents reported getting their groceries at a food pantry sometimes or often. 47% of those who previously shopped at Harmon Highway Kroger and 40% who shopped at Wisconsin Avenue Kroger indicated they sometimes or often received groceries from a food pantry with the most frequent response being “sometimes.”

SHOPPING PREFERENCES

Residents wanted a new grocery store, preferably a conventional store similar to Kroger

Despite having found an alternative to the previous Kroger stores, there was still a keen interest in a neighborhood grocery store with 92% of the survey respondents who primarily shopped at the closed Kroger locations indicated a need for a new grocery store in their area and 81% of respondents indicating a willingness to shop at a new store if located within a 15-minute walk of their home.

The preferred type of grocery for all respondents was a conventional grocery store with approximately 75% of respondents indicating this preference, followed by a large retail stores (such as Walmart and Target) at 47% and discount grocers (such as Aldi) preferred by 45% of respondents.

Most important products for a store to carry: fresh produce, meat, dairy and eggs

Respondents placed the highest values on the following food items as most important factors in where they get groceries: offers fresh produce (88%), and fresh meats and dairy (89%). Respondents also indicated the importance of having a full-service grocery with a wide variety of options, and not just a convenient store. Overwhelmingly respondents indicated the need for a nearby store that offers fresh meats(75%), dairy (89%), and fresh produce (88%). Convenience stores were near the bottom of the list as a place to shop for groceries with 12% of respondents indicating they often shopped there.

Interviews with Grocers

A series of interviews with area grocery store managers reminded us that shifts in the grocery retail market have been occurring on a number of fronts—and for existing stores the changes have been continuous. These conversations highlighted the importance of recognizing that changes in the marketplace are not limited to the 2018 Kroger closures. It also revealed how some of the previously discussed national and global pressures are felt locally.

Below are takeaways and quotes that highlight the recurring themes raised by the grocery store managers in the interviews conducted during the Fall of 2018. The stores were a mix of local independents and national chains, but they shared many sentiments concerning both their challenges and opportunities.

The process of interviewing business owners and managers to discuss opportunities and challenges is often practiced by economic development organizations with larger employers that comprise a region's economic base. Business Retention and Expansion programs are used to assist businesses and ensure their sustained success. Adapting this practice more regularly to food establishments and grocery retailers should be considered as part of the strategy to improve food access by retaining and expanding existing businesses.

IT'S NOT JUST ABOUT THE NUMBERS

We heard repeatedly from managers that we spoke with about the importance of community involvement. Store loyalty is hard to come by and grocery store operators are aware of the need to do their part as a member of the community. According to one of the independent grocers:

The community is a key piece of this location…people grew up in this neighborhood and are buying homes, staying a tight-knit community looking out for one another.

With this culture of community connectivity comes customer loyalty to the store that is reciprocal for organizations. Everyone working for the benefit of the whole contributing to scouts, fire department, etc. Building community is a continuous practice.

LOCATION IS AS CRITICAL TO SMALL INDEPENDENT GROCERS AS TO THE NATIONAL CHAINS

Every manager interview discussed the importance of store location, surrounding amenities, and neighborhood features as part of their business success. Retail, especially restaurants, coffee shops, and farmer's markets, were mentioned as complementary businesses. One of the grocers said:

This central location attracts a diverse clientele base. Through the week and during the summer the farmer's market complements the business very well.

When nearby retail vacancies occur, it creates a good deal of concern for grocers. Although the retail "apocalypse" mentioned earlier has not directly impacted grocery stores in quite the same way as consumer goods, the impact is still felt by grocery stores as vacancies reduce foot traffic and and shopping centers fall into disrepair.

Grocery operators were also aware of commuters and recognize that their customers may live within a 30-45 minute drive. Depending on a store's location, some may have a greater advantage for drawing in daytime commuters who shop before returning home from work.

MANAGERS STRESSED THE IMPORTANCE OF WORKFORCE CARE

The participants recognized the value and importance of jobs to youth and families. As many youth are helping with expenses at home, they want to make people's lives better. Investing in training will provide greater opportunities for their employees as well as support sales growth. There is a great deal of strength and talent in our grocery retail community, as most all of the businesses interviewed had more than five years of business experience and several of the small grocers were generational businesses.

THEFT IS A CHALLENGE TO MANAGE

Some stated that retail theft is one of the greatest challenges to overcome. Following a low-risk model, some managers avoid stocking high-theft items such as health/beauty, liquor, cigarettes, and formula. One of the participants commented:

Conditions of unemployment, poor housing, education levels are all contributing to issues of theft. I am often surprised by what they steal. There is good police support, but they do not often catch theft.

EMPATHY FOR STRUGGLING FAMILIES

Managers were all quite empathic to individuals situations. As one participant stated their belief that a lot of theft in their store is committed by people suffering from hunger and that they worked closely with social service agencies to see that families get the assistance they need. Some stores have added affordable food bundles that help to make a family's food dollars go further.

SNAP & WIC WIDELY ACCEPTED BUT ADDS CHALLENGES FOR GROCERS

All of the managers interviewed accepted Supplemental Nutrition Assistance Program (SNAP) and other forms of public assistance the percentage of customer base utilizing food assistance programs ranged from 5% to 20%, with the majority of respondents indicating between 0 and 10% of customers.

Of concern was the timing of monthly disbursement of SNAP benefits. For the two weeks surrounding the release of SNAP funds, grocers mentioned the need to increase stock and staffing significantly, while the remaining two weeks in the month required a reduction in staffing and invetory. This especially impacts operations for small independent grocery stores.

Food assistance support provided by Women Infants, and Children (WIC) presents much greater challenges for store managers and some stores have stopped working with the program because they were not always able to meet the reimbursement requirements due to the strict product guidelines of the program and constant changes in product packaging.

AN AWARENESS OF CONSUMER TRENDS AND AND INTEREST IN TECHNOLOGY AND INNOVATION

Some of the larger stores interviewed emphasized current or future projects to fund technology and infrastructure upgrades and to create alternative revenue streams with online shopping. Although only a couple of the managers interviewed indicated online shopping as a significant portion of their store's current revenues. A 2018 Nielsen report for the National Grocers Association indicated that only 11% of those interviewed shopped for groceries online, but of those purchases 76% chose the store's delivery option.

All were aware of increased demand for health-conscious and specialty food items (local, organic, restricted diets, etc.) and an increased interest in food ingredients and sourcing. Some were actively offering prepared foods and meal kits and looking toward models similar to Blue Apron, a company that delivers prepared meal kits to a customer's home.

CONCLUSIONS & RECOMMENDATIONS

The challenge of providing adequate, affordable, and healthy food options still remains in Peoria's limited resource neighborhoods. Negative health outcomes and associations of access to energy dense, nutrient-poor foods have been well documented among urban areas (Kirkup et al., 2004, Lake and Townshend, 2006, Laska et al., 2010). Low access to healthy foods promotes reliance on pre-packaged foods (commonly nonperishable and energy-dense, nutrient-poor foods and beverages) (Moore et al., 2012). Environmental and policy interventions that promote access to healthy choices may achieve the greatest benefits and broadest reach (Brennan et al., 2011, Frieden et al., 2010).

Increasing access to and consumption of fresh, healthy foods is no simple task given our complex and globalized food system coupled with community and economic development challenges in Peoria's underserved neighborhoods. Systematic strategies are required to move the needle in any meaningful way. Developing new grocery retail options is one effort, but this should by no means replace the work of emergency food programs, nutrition education, or the numerous other healthy food access measures throughout the community. Neighborhood residents and entrepreneurs, businesses, government, and not-for-profit organizations must orchestrate efforts to foster a sustainable and accessible food system fueled by both private and public, for-profit and not-for-profit enterprises and programs.

With that comprehensive approach in mind, this report aimed specifically to explore and support grocery retail business development. Approaching food access issues via grocery stores and other food-based businesses is of particular interest as it has the potential to advance both community and economic development goals. Grocery stores increase healthy food access, improve the quality of life in a neighborhood, generate economic returns for the local business owners (if owned by a local individual or cooperative), provide neighborhood jobs, and generate tax revenue for public bodies. Additionally, grocery stores that choose to source local/regional food products can create new revenue streams for farmers and producers of value-added products.

Any developments that may arise from information gleaned from this report should be used first and foremost to serve the community and address the ultimate question: **what can be done to provide appropriately priced and accessible fresh and healthy foods, and financially sustainable grocery businesses in Peoria's underserved neighborhoods?**

CREATE NETWORK MAP OF THE VARIOUS ORGANIZATIONS AND PROJECTS ENGAGED IN FOOD ACCESS AND FOOD SYSTEMS WORK AND INCREASE COLLABORATION AND COMMUNITY ENGAGEMENT.

When it comes to addressing healthy food access in the Peoria area, there is no lack of interest, effort, and devotion on the part of numerous individuals and organizations. Efforts must increase to pull these various individuals and organizations together around a shared vision, strategy, and plan to close the grocery gap and the multitude of other healthy food access-related issues.

The Regional Fresh Food Council, Partnership for a Healthy Community: Healthy Eating Active Living, and Building Healthy Communities stand as just three examples of active groups with overlapping participants, projects, and shared goals. Greater communication and collaboration amongst these and other groups is critical to make the most efficient use of resources and move developments more rapidly toward completion. All of these groups must also increase their inclusion of residents and neighborhood associations living and operating within the underserved neighborhoods that programs and projects intend to serve.

SUPPORT AND INCENTIVIZE SMALL SCALE DEVELOPMENT IN THE EAST BLUFF AND SOUTHSIDE NEIGHBORHOODS

Place matters, and the state of a neighborhood's built environment can foster or deter business development and in turn access to grocery stores. The food environment influences consumer food selection and health outcomes (Beaulac et al., 2009, Gustafson et al., 2013). Without grocery stores offering healthy foods, chances of consuming those foods is lower; without redeveloping commercial corridors in underserved neighborhoods, grocery stores have few reasonable sites for location.

Organizations such as the Incremental Development Alliance focus on building capacity for locals to invest in their own communities through small scale real estate development. Groups such as Small Scale Development 309 (a result of a 2018 Small Scale Development Workshop hosted by the City of Peoria Innovation Team and facilitated by the Incremental Development Alliance) should be expanded and focus on inclusion of East Bluff and Southside current or prospective property and business owners interested in developing neighborhood markets or other food-based businesses while also improving the building stock and commercial corridors of their own neighborhoods.

Small-scale development should be further explored alongside the traditional finance tools mentioned above—as well as TIF, Opportunity Zones and any other incentives the City of Peoria has made available— to support grocery stores (or other healthy food-based businesses) locating within locally-owned real estate developments.

Corridor planning projects also present great opportunities for implementing tactical urbanism and street plans that begin to activate targeted areas in a neighborhood. Short term changes in a corridor can lead to long term community change. Current City of Peoria Corridor Planning projects in the Southside include the MacArthur Highway corridor and the Wisconsin Avenue corridor in the East Bluff.

SUPPORT AND BUILD PARTNERSHIPS WITH CURRENT AND DEVELOPING ALTERNATIVE GROCERY MODELS FOR LOW-INCOME, LOW-ACCESS COMMUNITIES IN THE REGION

A creative, collaborative, and community-driven approach is necessary and should leverage and network existing projects, programs, businesses, and organizations. Below are a few suggested places to focus in the near future:

The City of Peoria has been exploring the feasibility of mixed-use developments in the East Bluff and Southside neighborhoods that would address healthy food access, as well as other health-related issues and placemaking efforts. Peoria's Invest Health team (supported by the Robert Wood Johnson Foundation), and the Connect Capital group looking at funding streams for local food systems, merged in 2018 to form the Building Healthy Communities team. This group is now further supported by the Local Foods, Local Places technical assistance program through the EPA (launched in May 2019 during a two-day workshop). This program aims to gather community input and support for a food-based mixed-use development to serve the residents of 61605, as well as an action plan for implementation. These teams have focused on alternative models such as ReFresh in New Orleans and Harvest Market in Toledo. Other cities such as Memphis and Indianapolis, have adopted a "live, buy, hire" approach which requires that decisions are informed by the needs and values brought to the table by the anchor institutions and residents alike. The city has identified a potential properties to house such a development at the threshold of the Warehouse District and the Southside.

Sous Chef opened in the fall of 2018 at the southern end of the Warehouse District. This small grocery concept offers customers fresh, local produce, local frozen meat and dairy, prepared meal kits, and basic staple dry goods. They are marketing themselves to both incoming Warehouse District residents as well as established Southside residents to establish an economically diverse customer base. They accept SNAP. The owners are actively involved in the Regional Fresh Food Council and have demonstrated a keen interest in community engagement and development, and a willingness to share their best practices and challenges and collaborate on future food-based business developments in the area.

Many rural communities in the region face the same fresh food access challenges as underserved urban neighborhoods. The Illinois Institute for Rural Affairs is working with small towns in the Greater Peoria region interested in developing "micro" cooperatively-owned grocery stores similar to the Great Scott Community Market that opened in Winchester, IL in 2018. As more towns engage in this work, a desire to network with other independent grocery stores to improve profit margins through shared distribution arrangements and the utilization of food hubs. The potential for collaboration in Peoria's underserved urban neighborhoods should not be ignored.

Additionally, existing and developing farmer-operated food aggregation and marketing businesses (e.g. Down at the Farms, PrairiErth Farm, The Mill at Janie's Farm) seek additional wholesale opportunities in the Greater Peoria region to sell fresh produce, grains, and meats. These and other operations are increasingly engaged in groups such as the Regional Fresh Food Council and the Greater Peoria Farm Forums to build mutually beneficial partnerships and build a strong regional values-based food supply chain. It is critical to further engage this community of farmers in any food-based and community focused business developments in Peoria.

DEVELOP A ROUTINE FOR ENGAGEMENT OF EXISTING FOOD-BASED BUSINESSES AND COMMUNITY-BASED ORGANIZATIONS

Conduct environmental scans to identify critical changes occurring in the food access and food security arena. With many different organizations actively working in this space, there is a critical need to utilize best practices in community planning and development to monitor changes and create and maintain strategic actions that best serve our most vulnerable populations. Increased collaboration of existing groups (RFFC, Invest Health/Connect Capital/Building Healthy Communities, HEAL, and more)

BIANNUAL NEIGHBORHOOD REPORTS

Consistent tracking of key neighborhood socioeconomic data to inform local business planning and community and economic development activities. These could be championed by neighborhood associations, district city council members, or other identified neighborhood leaders. Providing regular reports to neighborhood residents may improve their understanding of and support for specific community and economic development projects (e.g. the development of a grocery cooperative)

FOCUS ON LOCALLY-OWNED AND COMMUNITY-BASED GROCERY STORE MODELS

Although emerging discount models from many of the national grocery chains show promise and should be further explored, the purchasing power of the Peoria neighborhoods impacted by the closures suggests the major retail chains may no longer find it in their best interest to locate their traditional stores in those areas.

Focus should perhaps shift to alternative small-scale models such as micro community-owned stores, partnerships with existing stores (e.g. the Healthy Corners initiative in Washington D.C.)

and further engagement with existing retail grocers who have an expressed interest in enhancing community development and food access.

This report should find a primary audience through the Minority Business Development Center and Small Business Development Center to support further market research and planning with entrepreneurs interested in developing food retail businesses that serve Peoria's limited resource neighborhoods.

Traditional development financing tools should also be furthered explored to assist local entrepreneurs in launching or expanding local food-based businesses. There is growing interest in approaching local/regional food systems businesses as a financeable asset class to utilize traditional tools such as revolving loan funds, loan guarantees, linked-deposit programs, and micro-enterprise lending.

REVISIT AND UPDATE 2015 LOCAL FOODS LANDMARKS REPORT FOR GREATER PEORIA

Build upon the research performed in Local Foods Landmarks Report for Greater Peoria (Smebak, 2015) and work toward the development of a comprehensive regional food systems strategy and implementation plan. This strategy and plan can enhance our understanding of opportunities for supporting small scale and alternative grocery store models.

INCLUSION OF A REGIONAL FOOD SYSTEMS STRATEGY AND IMPLEMENTATION PLAN IN THE GREATER PEORIA 2020 CEDS

A regional food systems strategy and implementation plan, containing specifics regarding grocery store access, needs to be included in the 2020 Comprehensive Economic Development Strategy (CEDS) administered by the Greater Peoria EDC and submitted to the U.S. EDA. Explicitly addressing food access and the larger food economy in this document will expose the lead regional, state, and federal agencies and funding bodies to the issues and confirm our region's earnest effort to improve social and economic outcomes via food systems. This may help in securing funding or other resources for food-based community developments such as cooperative grocery stores and food hubs.

ESTABLISH A FULL-TIME VALUE CHAIN COORDINATOR POSITION

A Value Chain Coordinator position is designed to build capacity within the regional food system increasing the scale, consistency, and affordability of healthy food products to community organizations, institutions such as schools, food banks, hospitals, and local grocery retailers. A Value Chain Coordinator can also help to identify new business opportunities for farmers and underserved food entrepreneurs and connect them with business development resources.

A focus on improving the regional food supply chain by strengthening business relationships through shared values—such as equity, transparency, and collaboration—could more effectively mitigate root causes of healthy food access and food security. A value chain coordinator would foster a supply chain that aims to deliver nutritious and sustainably produced food products that are widely available to all communities.

CONDUCT RETENTION VISITS FOR FOOD-BASED BUSINESSES, SERVICES, AND PROJECTS

Just as business retention visits are conducted with large employers, an organization in the city or region should consider business retention visits with the region's urban and rural grocery stores, food pantries, community gardens, summer food programs and any other business, service, or project connected to food access. Too often stores close, services end, or projects are folded much to the surprise and chagrin of community stakeholders. Regular visits, which would establish stronger relationships and build trust, would help to identify challenges before they result in disruption. Conversely, these visits can identify opportunities for expansion and collaboration. Explore desire for business development workshops for grocery stores to improve or expand operations.

CONTINUE TO MONITOR THE LOCAL, REGIONAL, AND NATIONAL GROCERY RETAIL INDUSTRY

Using this and other reports and analyses as a foundation, an organization should continue monitoring and forecasting changes in the grocery industry and deliver a biannual report to the community. This would foster a proactive culture that is better prepared for changes such as store closures and support developments that have greater chances of sustainability. For example, the market data included in the original analysis did not yet reflect retail gap and surplus numbers following the closures. These and other data should be updated as often as the data allow.

MONITOR JOB CREATION AND WORKFORCE OPPORTUNITIES PROVIDED BY GROCERY RETAIL.

Retail jobs may be a primary income, an entry level job for high school students, or supplemental income - all contribute greatly to the stability of neighborhoods. A better understanding of the economic impact of food retail businesses in a neighborhood may help to increase attention by decision-makers to provide resources for these businesses.

CONNECT RETAIL GROCERS WITH RESOURCES & COLLABORATIVE OPPORTUNITIES

Make market analyses such as this report more widely available. Connect stores to opportunities that are developing around the aggregation and distribution of local-regional foods and developing relationships with farmer cooperatives. Collaborating to develop local-regional supply chains could strengthen independent stores models, offer chains an opportunity to offer locally sourced products, increase the amount of fresh local foods available, and support the region's farmers.

DEVELOP CORPORATE RELATIONSHIPS

A local and/or regional organization should explore establishing dialogues and relationships with corporate offices of retail grocery stores. Human connection to decision makers at these corporations may increase the chances of them piloting alternative store models in underserved areas or engaging in community and economic development activities as corporate sponsors. Many corporations possess foundations as well as health and sustainability goals in their strategic plans and they may seek local partnerships and projects to advance those corporate obligations.

Examples of Emerging Offerings from Chain Stores:

Kroger Express (partnership with Walgreens)

Hy-Vee Fast & Fresh

DG Fresh (Dollar General)

Lyft Grocery Access Program

Amazon Go

Hy-Vee Healthmarket

Methods

SECONDARY DEMOGRAPHIC AND MARKET DATA ANALYSIS

University of Illinois Extension conducted a retail market analysis utilizing secondary data providing demographic, socio-economic and health data at the neighborhood, county and regional levels. Extension staff utilized ESRI's Business Analyst to analyze consumer spending patterns, market potential, and consumer profiles using Tapestry Segmentation. Tapestry Segmentation provides a detailed typology of America's neighborhoods—segments based on their socioeconomic and demographic composition.

The highlights and general takeaways from this analysis most relevant to the grocery access study have been extracted for this report. The results of this analysis have been mingled with the resident survey results and the additional market research to inform the conclusions and recommendations section of the report.

DEMOGRAPHIC AND MARKET ANALYSIS

NATIONAL GROCERY MARKET RESEARCH

Greater Peoria Economic Development Council and University of Illinois Extension staff looked beyond primary and secondary data collection, for additional insights into the macro trends of the grocery industry, numerous industry websites and reports were reviewed to identify trends and highlight potential changes in the future. This additional research serves as an example of the proactive and forward-looking approach needed by public and private entities working to create sustainable grocery access solutions in underserved communities. A better understanding of the "big picture" of the grocery industry will improve planning for food initiatives and business.

This information was collected via numerous web-based sources and is presented through a series of highlighted excerpts and preliminary analysis. Additional expert analysis and a continuing culture of trend analysis and forecasting is needed. This dynamic industry requires constant attention for one to remain "ahead of the curve".

RESEARCH SOURCES

RESIDENT SURVEY

Understanding of the impact of the grocery store closures was increased by a residential survey conducted with the support of University of Illinois Extension, Bradley University, City of Peoria, Greater Peoria Economic Development Council, and the Caterpillar Community Analytics Team (CAT). More than 900 resident surveys were collected utilizing a volunteer cross sectional sampling methodology which provided the best fit for the purpose of this study.

The survey covered the following subject matter with 38 questions:

- Impact of nearby Kroger closure on shopping patterns and access to grocery categories
- Changes in shopping location since closures
- Grocery product availability at the current store or pantry location
- Preference for types of grocery stores
- Preference for types of grocery products
- Transportation methods to obtain groceries
- Affordability of nearest grocery options
- Demographics

[(Link to the survey instrument)]

Resident surveys for the study were collected and various community events and with the help of multiple organizations and volunteers.

Survey Distribution Method

The team officially launched the survey during the week of July 22, 2018. Distribution was both digital and physical with promotion via local traditional media, social media, organization websites,paper flyers, and at public events.

It is important to note that this is a convenience sample. Participants were not randomly selected from the Peoria area or the neighborhoods served by the Kroger stores that closed in 2018. Given that, it is important to note that participants self selected and that they may be less diverse in terms of their grocery shopping needs and habits than the overall population of interest.

*Primary Flyer Lo*cations: Wisconsin Business corridor, Garden Street Businesses

SCUC meetings, Peoria Regional Fresh Food Council meetings, Lincoln Branch Library

Neighborhood House, Human Services Center, EBNHS, East Bluff Community Center

Dream Center Backpack Event, Night Out Against Crime, PCCEO, RFFC meetings

Peoria County Health Dept., University of Illinois Extension

Media Coverage - Peoria Journal Star, WMBD, WPNV, River City Word, Traveler Weekly Facebook Page,

GPEDC newsletter, Peoria Public Schools Newsletter, University of Illinois Extension Social Media, Youth Services Network, RFFC Facebook boosted post - 3,350 people reached.

Paper Surveys and Drop Box Locations - Peoria City Hall, Downtown Peoria Library, Heartland Health Center, East Bluff Neighborhood Housing Association, Southside Mission,

Lincoln Branch Library, Neighborhood House, City of Refuge Church, Carver Center, Heartland Clinic, Southside Human Services Center, Neighborhood House, East Bluff Community Center,

Tri-County Urban League, Common Place, SCUC meetings, Back to School Backpack Event

Survey Distribution at Community Programming Events - East Bluff Neighborhood Housing Services, Glen Oak Christian Church, Heartland Health Services, Moonlight Coalition, Proctor Center Afterschool Program, Logan Center, ELITE Program, PCCEO, Peoria Public Schools,

Mobile Food Bank, Peoria City/County Health Dept, Adopt a Block – Southside Ministerial Alliance, Southside Community Center, Jehan Gordon- Booth Expungement Summit,

Night Out Against Crime, University of Illinois Extension – EFNEP & SNAP-ED Programs,

East Bluff Community Center, St Ann's Garden of Hope event.

The survey was closed on October 5, 2018. Survey analysis was supported by University of Illinois Extension, Caterpillar Community Analytics, Bradley University, and Greater Peoria EDC. Additional assistance, and data visualization was provided by Caterpillar Community Analytics and Greater Peoria EDC.

918 people responded to the survey, with **245** (27%) respondents living in 61603(East Bluff), **130** (14%) in 61604 (East Bluff), and **245** (27%) in 61605 (Southside). **620** (68%) survey respondents were from the impacted zip code - Map

It's important to note that not every survey submitted contained answers to every question and 193 survey respondents did not provide zip codes. In addition, surveys from outside the targeted area of study were also collected and included in the 918 total completed surveys. In our overview, we will denote the difference between all responses and those who responded in each of the targeted neighborhoods.

Respondents represented an ethnically diverse population, with significant participation from the Black or African American residents from the Southside and East Bluff neighborhoods.Tthe charts provided show the demographic similarities and differences when comparing respondents to census data.

Key descriptors for those who shopped at Harmon Highway and Wisconsin Avenue Krogers.

63% of respondents were between 25-64 years of age,

13% of respondents were over 64 years of age

Age (bar chart)

323 (35%) respondents were from households with children under the age of 18. When we look at families impacted from the Southside or East Bluff Neighborhoods, roughly half of respondents who shopped at either closed location are living with children under the age of 18.

588 (64%) of all survey respondents regularly shopped at one of the closed Kroger stores.

Of those, 285 indicated that they shopped at **Wisconsin Avenue Kroger** location with:

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SURVEY INSTRUMENT

GROCERY MANAGER INTERVIEWS

University of Illinois Extension in partnership with the Greater Peoria Economic Development Council developed a key informant interview protocol, for conversations with grocery store managers to help us better understand to what extent the Kroger closures impacted other grocery retail businesses. Managers of independent grocers, chain stores and big box retail managers in the Greater Peoria region were approached to participate in interviews. The questions were designed to learn more about consumer shopping patterns from the neighborhoods included in our study as well as shifting grocery retail trends in our region.

The following stores agreed to participate in this key informant study: Kroger, Schnucks, HyVee, WalMart, Aldi, Target, CostCo, Sous Chef, Pottstown, Haddads, Alwan and Sons Meat Company, and La Esquina de Oro. Due to staffing changes and corporate policies some stores that we approached were not able to participate in the study.

GROCER INTERVIEW INSTRUMENT

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CREDITS

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Tableau visualizations were prepared by Mark Renick, Greater Peoria Economic Development Council and members of the Caterpillar Community Analytics Team.

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