Closing the Grocery Gap:

A technology-driven solution to bringing fresh foods to underserved neighborhoods

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Executive Summary

A person’s zip code has more impact on their health than their genetic code. Across the country, low income communities face higher rates of diet related diseases such as diabetes and heart disease, amongst other indicators of health and wellness. The unequal geographic distribution of food is a factor in the disproportionate negative health outcomes low income communities face.

Partially due to discriminatory practices in finance, urban areas across the country developed into neighborhoods that are segregated by both income and race. Grocery stores tend to locate in higher income neighborhoods where profits are more accessible, leaving low income neighborhoods without full service grocery stores. These communities are, instead, inundated with corner stores which carry less healthy shelf stable items.

Advocates have tried various strategies to reintroduce fresh and healthy foods into corner stores and convert them from sources of negative community impacts to partners in health. Corner stores, however, have numerous economic barriers that inhibit their ability to carry fresh products, such as high risk of waste and financial loss, an inability to access wholesale markets, and a lack of economies of scale.

A preordering system is an untested method of overcoming these barriers to fresh foods. Preordering would allow customers and small retailers to communicate demand and availability with each other, eliminating risk of waste, increasing financial viability for small retailers, and creating a product that better meets customer needs.

After conducting a market forces analysis, I found that a preordering system is both financially viable and has competitive advantages compared to other retailers in the grocery industry. A preordering system can provide prices, variety, and quality that are comparable to competitors, and has a competitive advantage with convenience. The proposed business would also be able to overcome most barriers residents express to using current online grocery delivery products.
Preordering would improve on current efforts to get fresh foods into corner stores by increasing demand through lowering prices, offering a greater diversity of produce items, and improving quality and freshness. By offering a more competitive product, customers will be more inclined to change their current shopping behaviors and bring their business to small retailers, improving financial returns for store owners. More store owners will therefore be inclined to carry produce and other fresh foods at their locations.

A local business model would provide a product that is better tailored to residents’ needs as compared to large retailers’ current online grocery delivery services. A local business would also improve economic wellbeing in these neighborhoods by creating local jobs, wealth, and access to finance, rather than continuing to extract wealth from local communities.