

INTRODUCTION

The Boston store opened in 2015, and was the first of multiple stores opened. The store was founded by an owner local to Boston, who after decades of working in the food industry saw that energy-dense, nutrient-poor food was inexpensive and easier to access than healthful foods (see **Figure 1**).

- The store follows a non-profit model, and the location opened in Dorchester, MA, in one of Boston’s largest and most diverse neighborhoods.
- Store mission: *“To provide fresh, tasty, convenient and nutritious food to communities most in need at prices everyone can afford.”*



Figure 1: The Boston Store street view

Store Setting

Dorchester has 124,489 residents, or about 19% of Boston’s total population, including many immigrants, with 34% of residents born in another country.¹ Many Dorchester residents face economic hardship: 28.4% live at or below 125% Federal Poverty Line, 18% experience food insecurity, and 12.2% have no high school or equivalent degree.^{2,3}

Dorchester is not a USDA-designated food desert as it is considered low-income but not low-access. The store owner chose the Dorchester location because of a partnership opportunity with Codman Square Health Center (CSHC) that aligned with the store mission of serving a community in need. The Dorchester store is located in the CSHC building.

Methods	
Data Collection Tool	Number of Data Points
NEMS-S Short Form	3
Sales Recall	3
In-Depth Interviews (store staff, local community organizations)	9
News Articles	6
Other	Photos, maps, peer debriefing, store nutrition guidelines, employee demographics, price comparison records

STORE OPERATIONS (prior to 2020)

Organizational Structure

- The Boston store is a nonprofit grocery store.
- Initially, the store relied heavily on funding from foundations.
- Now, 70% of expenses are covered by internally generated revenue.
- To maintain its nonprofit status, the IRS requires the store to use a membership model. Members provide their phone number and zip code at checkout to prove they live in areas with limited economic resources.
- The store has 58 employees across stores.
- Thirteen of the team members staff the Dorchester store, all of whom live within a 2-mile radius of the store.
- The Dorchester site has a commissary kitchen that provides prepared meals across the three store locations.

Store Timeline

DATE	DETAIL
2012	- Store founded - Store received funding from Blue Cross Blue Shield of Massachusetts
2013	Partnership formed between the store and Codman Square Health Center
2015	First store location opened in Dorchester
2016	Teaching kitchen began offering free cooking and nutrition classes
2018	- Second store location opened in Roxbury - Double Up Food Bucks program launched
2020	Online grocery shopping service launched
2021	Third store location opened in Cambridge

Table 1: Current Vendor Overview

Vendor type	# of vendors	% of inventory
Wholesaler	17	60%
Farm, small business	7	20%
Opportunity buy	7	10%
Donator	6	10%

Several vendors give the store a discount in support of their mission. Additionally, The Greater Boston Food Bank has sold the store surplus items at a very low price, with the caveat that the store had to sell those products at that same price. Although the store cannot make money on these sales, it helps them to pass along very low prices to customers. To accommodate requests for a more reliable stock of staple items, the store has resorted to purchasing a larger number of items through wholesalers.

The store faces additional constraints as a small retailer around delivery logistics, including unrealistic delivery minimums, no loading dock at stores, and minimal access to off-site warehousing. The store has found creative logistical solutions, including formal and informal “cross dock” arrangements, or a designated midpoint at which products are transferred from a supplier to a vendor. However, there are advantages of being a small food retailer, including flexibility in purchasing. A main way that customers receive discounts is through opportunity buys. Opportunity buys arise when vendors are trying to move product quickly and include short-coded items, and slow-moving stock.

FOOD STOCKING AND SALES

The store has a unique model that 1) sources from a large number of vendors, to 2) stock a small number of items that are predominantly healthy, and are 3) available at low prices. The average Healthy Food Availability Index (HFAI) Score calculated from the Nutrition Environment Measures Survey for Stores (NEMS-S) Short Form at the Dorchester store was 20.3 out of a possible 30 points.

Sourcing

The store provides low prices by offering a shifting inventory due to a combination of traditional and alternative sourcing from many vendors (see **Table 1**). Currently the store has approximately 40 vendors in the greater Boston area; of those, the store purchases from roughly 10-20 on a weekly basis.

Vendors execute these sales in a variety of ways; one of the store’s vendors conducts a blind bidding process, while another tends to communicate back and forth until they can reach a mutually agreeable price point. Other vendors work so regularly with the store on opportunity buys that they rarely have to negotiate the offered price. Donations also make up a small but important avenue of sourcing. Donations can come from several sources: often, individual food companies that take interest in the store’s mission, excess from local farms and farmers, or rejected produce with minor imperfections from grocery stores.

Stocking

The store stocks a smaller number of total items compared to typical grocery stores, with a combination of consistent staple goods and rotating goods procured through opportunity buys and donations. The store has adjusted its inventory based on customer feedback. Upon the store’s inception, the founder had an interest in selling foods that were very near or past their sell-by date, or were imperfect (bruised, blemished). However, customers voiced that they didn’t want food that appeared as rejects. The store adjusted to purchasing foods that had later sell-by dates and fresher produce (not visibly damaged or past its prime).

In part, store stock is intentionally limited by the DT nutrition guidelines. Developed by Boston-area nutrition experts, the store guidelines provide nutrition standards for purchased and prepared foods sold in the stores. The retail food guidelines provide nutrition standards for “ideal,” “allowable,” and “not allowed” products across 15 food categories (see example in **Table 2**).

Table 2: DT Retail Nutrition Guidelines: Beverages

Product	Ideal	Allowable	Not Allowed
Beverage (non-dairy)	<ul style="list-style-type: none"> • Water • Fruit or vegetable juice that is 100% juice with less than 5g of sugar per 8oz serving • Flavored waters without artificial sweeteners 	<ul style="list-style-type: none"> • Fruit- or vegetable-based beverages not exceeding 150 calories or more than 8g of sugar per 8oz serving 	<ul style="list-style-type: none"> • Beverages with more than 8g of sugar per 8oz serving • Artificially sweetened beverages

Additionally, the store has prepared-food nutrition guidelines that sets minimums on protein and fiber and maximums on saturated fat, sugar, and sodium. Offering healthy, prepared meals at fast food prices was a central component of the store vision, acknowledging the time constraint to healthy food access faced by many households.

Prepared foods made in the commissary kitchen, which made up 13% of sales pre-pandemic, also make use of donated produce that is too blemished to sell in retail but can be upcycled by incorporating them into a prepared dish. The store prices their prepared items to be competitive with less healthy fast food alternatives, such as a chicken plate including a roasted chicken leg, brown rice, and vegetables for \$1.99.

Pricing

Providing food at “prices everyone can afford” is central to the store’s mission. The store strives to offer lower food prices than nearby competitors. To this end, the store takes lower margins, around 20-25%, compared to the typical grocery retailer with margins closer to 35-40%.

Additionally, staff conduct biweekly comparison shopping trips to similar food retailers within a 2-mile radius. They obtain prices on a core set of food items (e.g., milk, bread, eggs) with the goal of offering lower prices, typically about 30% lower than competitors.

The store is able to pass along lower prices to customers in part due to its unique sourcing model that utilizes a large number of vendors, opportunity buys, donated goods to obtain food at a lower price [see Sourcing]. This is especially the case for the rotating products. For example, through their partnership with Boston Area Gleaners, the store purchases excess and imperfect seasonal produce from local farms at a steep discount. Additionally, the store will utilize opportunity buys to purchase products with at least a 25% discount; this often includes dry goods and frozen items that have a longer shelf life but are short-coded. Finally, donations can be sold at a fraction of the price that is typical in other retailers. The store's unique model prioritizes stocking healthy items at low prices, and they are willing to navigate a complex array of vendors to do so.

Thirty percent of the store's operating costs are still supported through donations from individual giving and charitable foundations. Thus, the organization's ability to offer low prices is in part due to philanthropic funding.

COMMUNITY ENGAGEMENT

The following community engagement strategies are used:

- Zip code information is collected to ensure their lower prices are reaching their targeted audience.

- The store manager encourages staff to introduce themselves, offer to answer any questions, and help customers navigate the store.
- The store uses item signage, ranging from health benefits of specific produce, to tips on how to prepare it in recipes.
- The store functions as a community space.
- The store's online presence includes email newsletters and a Facebook page with more than 13,000 likes that relays information on store operations, programs and initiatives, and solicits feedback from customers.

Community Partners

The store seeks to align with community health-based organizations as well as resourced institutions to further its goals:

- Codman Square Health Center (CSHC) was the earliest community partner and continues to collaborate with the store.
- Dot Rx (also referred to as HealthyRx), in which physicians refer patients to the store to purchase healthy foods through vouchers.
- The store also collaborates with local hospitals such as Boston Children's Hospital and Bowdoin Geneva Health Center to offer similar voucher programs.

STORE OPERATIONS DURING THE PANDEMIC

The COVID-19 pandemic ushered in new complexities for the store. These changes – ranging from operational, to sourcing, to customer habits – presented challenges as well as ways that the store could leverage their unique role in the market.

Operational Adaptations

The store implemented changes in support of both customer and employee safety.

- Increased cleaning and sanitizing protocols
- Provided PPE for staff and customers.
- Implemented a seniors-only shopping hour.
- Offered a free home delivery service within a 2-mile radius of each store location.
- Staff hours were slightly reduced.
- Additionally, the store implemented emergency pay and is proud that they did not layoff any staff members.
- While many retailers scaled back or closed during the pandemic, a third location opened.
- The store saw the biggest impact to their prepared foods business; kitchen sales fell by approximately 70% and kitchen staff hours were reduced by over 30% when COVID was at its peak (end of March-October 2020).

The pandemic diminished options for the store opportunity buys:

- There was less excess food because people were hoarding food.
- Distributors that the store had previously turned to in order to place bids on aging inventory lists no longer had such lists.
- Food banks had no excess product to sell as their own demand was so high.

New Revenue Streams

In line with the store's entrepreneurial nature, the store found other ways to use the kitchen for revenue:

- The store bid on grants to make meals for COVID relief. During May and June of 2020, 10,000 meals were made and distributed to Boston Housing Authority (BHA) residents

- The store provided produce for boxes that The Lewis Family Foundation distributed with support from the Shah Family Foundation.
- In July 2021, the store launched their participation in the Local Lunchbox program .⁴

LESSONS LEARNED

The store team is able to stay true to its mission using five key strategies:

1. Clear, evidence-based healthy stocking standards
2. Leveraging their mission to receive food discounts, donations, and special arrangements
3. Unique sourcing model that is comprised of 'opportunity buys' and flexibility to funnel ingredients into their prepared foods business
4. Adaptation to community feedback
5. A well-connected store champion that made the store a strong candidate for various types of foundation funding.

The store also experienced several challenges:

- The store faced continuous pressure of how to offer the lowest prices possible while also generating enough revenue in order to continue their mission.
- Determining how this business model can be sustained by increasing levels of earned revenue and reducing reliance on philanthropic funding.
- Competition from nearby stores that have more SKUs and can more easily offer lower prices due to their purchasing power.

FUTURE DIRECTIONS

In many ways, the store successfully balances nonprofit mission and business strategy to provide healthy food at low prices to communities with economic disadvantage. The store plans to expand within and beyond Boston.

First, the store hopes for growth within stores. Staff unanimously agreed upon the importance of increasing and diversifying inventory. While agreeing the store would never increase stock to that of a typical grocery store with tens of thousands of SKUs, the store team mentioned goals for substantial increases in inventory to well over 1,000 unique items stocked. This inventory expansion could be achieved through increases in staple items purchased from wholesalers; increases in opportunity buys from existing and new vendors; and increases in donations from farmers, manufacturers, distributors, and retailers.

Second, the store hopes to grow their number of stores. The store plans to add stores to its hub-and-spoke model in Boston and continue to refine and evolve its operating model and increase its ratio of impact to overhead.

Third, the store hopes to replicate the Boston model in other cities. As the model is refined and developed in Boston, the store will develop a blueprint for replication in new geographies. The store is exploring different models for expansion ranging from company-owned stores in new cities to licensing the name and operating model to other organizations to open other stores in their regions.

Expansion would undoubtedly increase healthy food access to Americans across the country, but with that substantive growth comes tradeoffs that must be

considered: How does the store weigh their desire to be a first-stop shop with regular customers and providing only healthy foods? What is the optimal store size that balances procurement purchasing power and agility? How does the store balance national expansion and community engagement?

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