Grocery Stores & Food Cooperatives

2025 NEW HAMPSHIRE FOOD AND AGRICULTURE STRATEGIC PLAN

Purpose: To understand the opportunities and challenges in sourcing local and regional food through retail food stores of diverse models and practices, including independently-owned markets, regional and national chain super-markets, and cooperative food stores.

What's at Stake?

Grocery stores are the primary source of food purchases for New Hampshire households. As such, retailers play an important role in aligning their offerings with the needs and interests of consumers, farmers, fishermen, and producers. In 2022, nearly half of all local food sales in New Hampshire were through grocery stores at 47.4%. To improve access to local food for New Hampshire residents and to ensure a viable market for growers and producers, current retail food models and associated practices will need to be examined for their utility, longevity, and their benefit to farm viability.

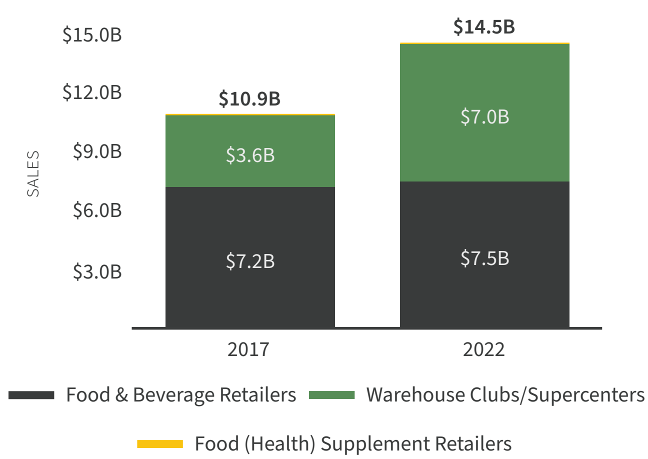
Current Conditions

In 2022, researchers estimated the gross revenue of local food sales in New Hampshire's grocery sector was under $200 million, just 6.3% of the total gross revenue. Alternatively, in the same year, New Hampshire's cooperative food stores averaged $30 million in gross revenue of local food sales, 23.4% of the total gross revenue, suggesting that farmers seek out cooperative models for improved retail sales outcomes and/or cooperative food stores incorporate local growers into their procurement more readily.

National and multinational chains represent roughly 60% of New Hampshire's food retail locations. These models typically employ internal systems for purchasing, warehousing, and distribution, often sourcing their food from global partners and markets. These practices challenge New Hampshire farms of all sizes to access the procurement teams of the national and multinational chain stores in their communities. Price is also a factor; when local products are not clearly marketed as such, they compete directly with low cost options.

Data surrounding the composition of New Hampshire's food retail sector and industry practices is lacking; substantial research is needed to provide insight into purchasing practices to track progress and developments across models.

ESTIMATED RETAIL FOOD SPENDING, 2017 & 2022



SOURCE: U.S. Census Bureau *2022 Economic Census*. Adjusted for inflation to 2024 dollars.

Challenges and Opportunities

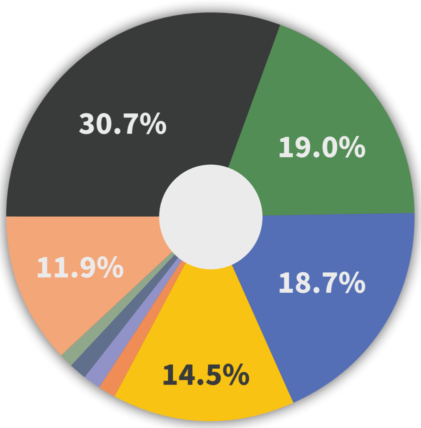
CHALLENGES

- Centralized purchasing practices (one team handling procurement for a group of stores) are common in multi-store food retail models. This practice limits opportunities for local growers to authentically participate in a retailer's procurement practices.
- Globalized sourcing practices puts intense price pressure on local food producers.
- Many small and medium farms are unfamiliar with or unable to meet the food safety standards required by high volume retailers without significant infrastructure investments.
- Many small and medium farms lack the back-end software to interface with grocery stores and often need technical assistance to do so.

OPPORTUNITIES

- Consumer demand for local products is a natural tool to support and amplify local food production.
- Clearly defining and labeling New Hampshire grown and produced foods can help them realize higher prices with the growing body of consumers to whom this is a valuable attribute, ultimately making farms more viable through market expansion and marketing.
- Increasing the amount of local food sold through grocery cooperatives may be the most beneficial for local growers. Prioritizing the growth of the cooperative ecosystem, and especially cooperative food stores, can scale the existing positive contribution of the sector.

ESTIMATED BREAKDOWN OF MARKET SHARE FOR NH'S GROCERY SECTOR



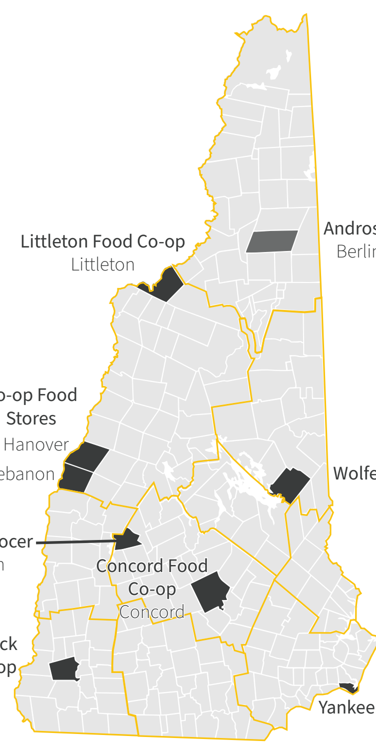
The Grocery Gap Analysis estimates that New Hampshire has a less concentrated grocery store market than 62% of all states.

- DeMoulas Super Markets (Market Basket)
- Walmart
- Ahold Delhaize (Hannaford)
- Albertsons
- Target (1.4%)
- BJ's Wholesale Club (1.4%)
- Amazon (1.3%)
- Northeast Grocery (Price Chopper) (1.0%)
- All Others

All Others includes co-ops, corner markets, specialty food stores (e.g., meat markets) and other independent grocery stores.

SOURCE: Grocery Gap Analysis.

CURRENT COOPERATIVE FOOD STORES IN NH



SOURCE: Neighboring Food Co-op Association. Co-op Food Stores also has a location in White River Junction, Vermont.

Recommendations

- **Create a catalog of wholesale-ready farms, producers, and products.** Make a wholesale catalog available for retail with details on distribution capability and capacity. This could be achieved by partnering with food hubs and distributors to increase their abilities to track and report out or it could be a third-party maintained database.

- **Increase organizational capacity to support growers selling to wholesale markets.** Increasing capacity for organizations, like UNH Extension, would allow for opportunities to offer more resources for business technical assistance, expansion of shoulder season production, and navigating funding opportunities for related infrastructure investments, such as high-tunnels and hot houses, through the USDA Natural Resource Conservation Service and other organizations.

- **Perform a feasibility study for a Seacoast-area food cooperative.** Study the financial feasibility of a retail food cooperative in the Seacoast area in collaboration with grassroots support in the region. The Seacoast is the only remaining region of the state without a major retail food cooperative.

- **Increase cold and dry storage capacity through funding opportunities for farmers, distributors, and aggregators.** By providing funding opportunities for on-farm, on-site (for distributors), or community-held storage facilities, aggregation and bulk order fulfillment capacity could improve, enabling smaller growers to meet the larger volumes needed by grocers, both cooperatives and chains.

- **Support successful sales to retailers by farmers, fishermen, and food producers.** Provide guidance to retailers to build consistent relationships and local food purchasing habits, as well as business technical assistance on offering prices to producers that meet their needs and the profit margins of the retail outlet.

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NH FOOD ALLIANCE

This brief was developed through a participatory process led by the NH Food Alliance, a program of the University of New Hampshire. The brief content is comprised of the opinions, perspectives, and information gathered by the authors and participants, and does not necessarily represent those of the NH Department of Agriculture, Markets, and Food or the NH Food Alliance.

For more information, including references and opportunities to get involved, visit the 2025 NH Food and Agriculture Strategic Plan web page on nhfoodalliance.org or scan the QR code on the inside front cover of the print version.