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GusNIP Project Design Considerations in Brick and Mortar Grocery Stores

When designing a nutrition incentive (NI) or produce prescription (PPR) project, it is important to establish open lines of communication with your grocery retail partners (or potential partners) to determine programmatic feasibility and potential firm limitations.

While technically, any SNAP-authorized firm can be an NI or PPR project partner, the following considerations may help to determine whether a firm is a genuinely good fit.

More information can be found in the “Looking for a Store” resource.

Step one: Selecting a firm that fits

SNAP volume:

What percentage of overall sales are SNAP sales? What percentage of overall transactions are SNAP transactions? The answers to these questions will provide a grantee with a sense of the extent to which the retailer is serving SNAP shoppers. Some brick and mortar retailers may not be comfortable or able to share both measures but either measure will provide insight. And while there’s no correct or ideal percentage, the key is that the percentage should be “significant” from the firm’s perspective, supporting that the firm genuinely serves SNAP shoppers. If a store cannot provide either measure, this may be a sign that they are not yet ready to take on an NI project.

Produce sales and selection:

What kind of produce is for sale in the firm? Is it varied? Fresh-looking? Culturally appropriate for the local population? A firm that sells only a small amount of produce (a few boxes of lemons and apples, for example) is not a destination for fresh food for shoppers. If a firm has a produce department and values its produce supply, this proves that customers value it too, which makes it a better fit.

Scale of a firm's operations:

If a firm has multiple locations, are they open to implementing in only one location? Do you have the budget to implement in more than one location? Setting those expectations from the start will help determine the fit.

Owners/manager buy-in:

Does your grocery store contact seem excited about the project? Do they respond to communications in a timely manner? This kind of champion can be the linchpin to a project's success. If there is no in-store champion, it might not be a good fit.

Type of POS system:

Can the firm's point of sale (POS) system efficiently and accurately carry out an incentive project? See resources titled "Grocery POS Systems 101" and "Known SNAP Incentive Functionality for Grocery POS Systems" for more information on POS systems.

Retailer-neighborhood fit:

Would the neighborhood and the firm benefit by having your project there? Are there limited options for fresh fruits and vegetables in this community? Does this neighborhood have higher levels of food insecurity?

Step two: Choosing the value of the incentive

The value of the incentive will vary largely based on project budget and POS capabilities. Some common examples of incentive value models are as follows:

- 50% or 25% automatic discount at checkout
- \$1 coupon for each \$1 qualifying purchase
- \$1 coupon for each \$2 qualifying purchase

Ideally, in all of the above models, incentive value can be adjusted based on customer experience and programmatic feasibility. Minimum and maximum value are also important elements for managing a budget.

Step three: Defining qualifying purchases and redemption purchases

Qualifying purchases are the purchases that result in an incentive being earned. Redemption purchases are the items purchased with the earned incentives. There are three approaches to categorizing these purchases:

1. Earn incentive on purchase of produce – redeem incentive on produce
2. Earn incentive on purchase of any SNAP-eligible food – redeem incentive on produce
3. Earn incentive on purchase of produce – redeem incentive on any SNAP-eligible food

Qualifying produce:

Projects have latitude in defining the produce that are eligible for earning and redeeming incentives. Some programs may limit the definition to fresh only or fresh and local/regionally sourced, while others may include frozen and canned. In the most recent GusNIP RFA, fruits and vegetables are defined as any variety of fresh, canned, dried, or frozen whole or cut fruits and vegetables without added sugar, fats, oils, and salt.

If your project is hoping to focus on local produce:

- Ask the firm what kinds of relationships with local growers it has. Also, does the firm categorize local produce differently than non-local produce? Can a local department be created? What is the growing season? Will the project be limited in availability because there are not sources throughout the year?
- What is the definition of 'local' or 'regional' sourced produce? For example, is it a specific mile radius or a state boundary?
- If the firm is unable to track what produce is local and what is not, one other option is to require the firm to stock a particular percentage of locally/regionally sourced produce during the growing season.

Other design considerations:

Setting a minimum purchase:

Do you require a customer to purchase at least \$X to trigger an incentive? For example, does someone have to buy \$10 of qualifying product in order to earn an incentive? This may be beneficial under certain models in which coupons or vouchers are given in round number increments (i.e., spend \$5 on produce and receive a \$2 coupon for a future qualifying purchase).

Setting a cap on incentives earned:

Do you set a limit on what a customer can earn? For example, can someone receive a maximum of \$10 in incentives? If so, is that per transaction, per day, per month, or otherwise? This can help to manage spending and program budget.

Setting an expiration date on incentives:

This is not a consideration when using an immediate discount approach, but when using coupons or a loyalty program, the incentive that is earned has an expiration date associated with it.

There may be a variety of reasons for setting expiration dates, such as ensuring that funding is appropriately accounted for and there are no pending coupons or vouchers that might all be redeemed weeks or months after issuance. By setting expiration dates, it helps grantees predict adequate funding and reduces .

Typical expiration dates range from 30-90 days from coupon issue.

Some programs continue for 6 months or a year, while others have a hard date for all coupons or accounts, such as all funds expire on Dec. 31st. (In some cases, this approach may be unfair to the person who earns on the last day, but it might be necessary based on program limitations).

Unused incentives:

Often a customer will not use all the incentives they have in a particular shopping trip; they may have \$10 to use but only purchase \$8.22 of produce. Do they forfeit the remainder? Is an additional coupon issued for the balance? Is the balance rounded up or down?

These are design considerations to decide with your retail partner. The limitations of retailer's POS systems may determine how unused incentives are handled.

Note: Change in the form of cash should never be given back.

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