



# City of Gainesville

Department of Sustainable  
Development

## Dollar Stores and Food Insecurity

Food insecurity is an issue facing communities across the country. The U.S. Department of Agriculture (USDA) defines food insecurity as a lack of consistent access to enough food for an active, healthy life.<sup>1</sup> Geographical areas which have been identified as food insecure are commonly referred to as “food deserts”. Accessibility to sources of healthy food, as measured by distance to a store or by the number of stores in an area is one method of measuring the extent to which a food desert exists. Other variables include individual-level resources that may affect accessibility and neighborhood-level indicators of resources such as average income and the availability of public transportation.<sup>2</sup>

There is some evidence to suggest that small box discount stores, such as dollar stores, contribute to the existence of food insecurity in communities. Dollar stores tend to lack fresh food choices, and historically tend to concentrate in areas which have few existing grocery stores, if any.<sup>3</sup> This means they are locating in areas within a community that are already suffering from lower access to food in general, but especially fresh food. While they do provide for some food options to meet basic needs, they are not an equal substitute for grocery stores due to the lack of fruits and vegetables as well as the cost of items to consumers. Frequent shopping at small food stores such as dollar stores has been associated with unhealthy food purchases, lower vegetable intake and increased obesity risk.<sup>4</sup> Available data indicates that dollar stores are severely lacking in their provision of fresh and healthy foods. A 2016 study which investigated small food stores, including dollar stores, in Minneapolis and St. Paul, MN showed that 0% of dollar stores surveyed provided fresh fruits and vegetables.<sup>4</sup> Although additional research is needed to determine the extent to which fresh foods are provided at these types of stores nationwide, anecdotal evidence suggests that about 3% of all Dollar General stores provide fresh produce<sup>5</sup> and Dollar Tree and Family Dollar (owned by the same parent corporation) appear to provide even less. Additionally, there is a general conception that dollar stores are less expensive than other types of retailers, therefore low-income residents may be more inclined to shop at these types of stores if located within close proximity to their neighborhood. While some items may be less expensive, this is not always the case, particularly when it comes to food. A study focusing on the price of dairy products found that such products are often priced higher at dollar stores as compared to traditional retailers.<sup>6</sup>

Growing evidence suggests that dollar stores not only contribute to a lack of healthy food choices in neighborhoods, but may also drive out small-scale grocery stores which may provide healthier food options.<sup>7</sup> Dollar stores are able to offer general items at discounted prices compared to the traditional stand-alone grocer due to economies of scale. With over 30,000 locations across the

country between the two largest chains, and more stores opening every year, they have a competitive cost advantage compared to small-scale grocery stores.

It is becoming increasingly important to consider the impacts that small box discount retailers have on communities, particularly those areas of a community which have been identified as having less access to healthy food options. Due to the relatively new interest in the issue, there is not a wealth of data available on the subject. Further research will be needed in coming years to fully understand the impact of these types of stores locating within low-income areas of communities. Identifying neighborhoods with existing food access issues and providing for limitations on small box discount retailers who threaten the availability of fresh foods is one approach that can be taken by local governments to begin to address the issue.

**References** 1. "Definitions of Food Security," USDA Economic Research Service, 4 Sept. 2019 2. Food Access and Research Atlas, USDA Economic Research Service, 31 Oct. 2019 3. "Dollar Days: How Dollar Stores Are Growing In A Weak Economy," A.T. Natunewicz, Colliers International 4. "Differences in healthy food supply and stocking practices between small grocery stores, gas-marts, pharmacies and dollar stores," Caspi et al., Public Health Nutrition, 2016 5. "Dollar General isn't doing enough to bring healthy food to low-income Americans," Darya Minovi, CNN Business, 23 Dec. 2019 6. "The effects of retail concentration on retail dairy product prices in the United States", V. Hovhannisyan, Journal of Dairy Science, June 2016 7. "Report: Dollar Stores are Targeting Struggling Urban Neighborhoods and Small Towns," Donahue and Mitchell, Institute for Local Self-Reliance, 6 Dec. 2018