

December 8, 2022

The Honorable James McGovern
Chairman
House Committee on Rules
H-312 The Capitol
Washington, D.C. 20515

The Honorable Tom Cole
Ranking Member
House Committee on Rules
H-152 The Capitol
Washington, D.C. 20515

RE: National Grocers Association Statement for the Record
Ending Hunger in America: Food Insecurity in Rural America

The National Grocers Association (NGA) is the voice in Washington, D.C. for America's 21,500 independent community grocers and the wholesalers that service them. Independent grocers account for 33 percent of all grocery sales and more than 1 million American jobs. Our members are at the heart of local communities throughout the country and play an important role in feeding our nation. NGA thanks Chairman McGovern, Ranking Member Cole, and Members of the House Committee on Rules for giving much needed attention to the issue of food insecurity in America.

From the customers they see each day to the local producers who fill their shelves, the country's independent grocers offer insights into Main Streets and towns that are truly unique. Independents play an outsized role in food access for rural communities across the country; our member retailers serve as one of the few options for families to access fresh fruits and vegetables and other grocery staples. According to the USDA Economic Research Service, rural areas – including areas with a higher share of low-income households – tend to have more independent food retailers and fewer chain stores.¹ The same study found that stores with a higher share of Supplement Nutrition Assistance Program (SNAP) redemptions are more likely to be independently owned.² Furthermore, rural Americans are disproportionately represented in nationwide food insecurity statistics. According to Feeding America, sixty-three percent of counties in the United States are composed of rural communities, and yet these communities represent nearly eighty-seven percent of the counties with the highest rates of overall food

¹ <https://www.ers.usda.gov/webdocs/publications/85783/err-240.pdf>

² Id.

insecurity.³ Taken together, the data illustrates the crucial role independent grocers play in providing food access to rural populations who face some of the greatest challenges to addressing food insecurity nationwide.

The Covid-19 pandemic and the current supply chain crisis has brought into focus the tenuous situation that many community grocers face in today's climate. Our members who serve rural communities are not only having difficulties keeping their shelves stocked but are struggling to stay open in the face of ever-growing pressures from national big-box and dollar store chains who use anticompetitive practices to drive local grocers out of business.

While shortages and limited availability of critical inputs and food supplies affects everyone, the impact of these shortages are felt disproportionately by independent grocers and the rural communities they serve. Inconsistent distribution and apparent shortages of consumer goods has made it more difficult for customers of independent grocery stores to obtain high-demand products because our members compete against dominant players with immense economic power that can wield tremendous influence over their suppliers.

In addition to supply inequities, independent grocers are experiencing unprecedented levels of price discrimination. Our largest competitors use their influence to maintain favorable wholesale pricing as independents experience a retreat of promotional trade spending, a critical marketing tool that allows independent grocers to compete on price.

The effect of these supply and pricing issues is that independents simply cannot compete on a level playing field. If independent grocers are unable to stock necessary food staples, or cannot remain competitive on price, the rural communities they once served will take their business to a dollar store or big-box chain. Unfortunately, however, these national retailers are either farther away from the communities who need them most, or simply do not offer the level of produce and other fresh food items that are necessary to maintain a nutritious diet. Rural and low-income consumers are already forced to travel longer distances to find the products they need, but if their community grocer goes out of business, that 10-to-20-mile trip to the grocery store now becomes a 30-to-50-mile excursion to a big box retailer or dollar store.

Independent grocers and their rural customers are also bearing the greater burden of food price inflation. Historically, dominant chains have been able to resist inflationary cost increases thanks to their uneven bargaining leverage over suppliers. As a result, suppliers are forced to impose higher costs onto their smaller retail customers who have less clout in the market. In turn, independents are forced to raise their prices to stay profitable, hastening the likelihood of their

³ <https://www.feedingamerica.org/hunger-in-america/rural-hunger-facts>

community choosing to travel farther to a national competitor. In severe access-deprived areas, rural consumers who lack grocery alternatives – or means of transportation – are forced to stretch their food budgets even further as inflationary pressures and higher prices mean less food on the table.

There are various factors that are making it difficult for independent grocers to stay in business and continue serving rural communities. As a result, it is these low-income and low-access populations who suffer the most. But the impact of a rural independent grocery store closure is not just felt in terms of food access. In many small towns, the local grocery store supports the community as a major employer and through various other outreach initiatives. Whether serving as a partner to help eligible beneficiaries apply and access information on nutrition programs or donating to local food banks and spearheading food drives, independents serve as a bulwark of community resilience in the best and worst of times. When local grocery stores disappear from Main Streets in rural communities, it affects far more than just the customers who can no longer buy food there.

Antitrust laws that prohibit exclusionary conduct and price discrimination have not been enforced by regulators in a generation. It is nearly impossible for aggrieved private parties to bring cases in court because the burden of proof is all but impossible to overcome. Therefore, dominant firms can use their size and influence to tilt the playing field in their favor without fear of consequence.

Antitrust regulators have the power to deter harmful anticompetitive conduct by enforcing antitrust laws like Section 2 of the Sherman Act and the Robinson-Patman Act. Agencies must be funded by Congress with the resources necessary to police anticompetitive conduct in the grocery sector. Additionally, Congress should consider updating the antitrust laws to reflect the modern competitive landscape in the grocery industry.

As Congress considers antitrust enforcement in Big Tech, Americans' food supply should be part of that conversation. What we cook is at least as important as what we click. The laws written to prevent this conduct can no longer be ignored and must be enforced to protect local stores, consumer access, and Americans' health.

With a level playing field, independent stores can stay open, and customers can choose where to buy their groceries. Families living in rural and urban areas can have the reliable access to staples they need in good times and bad. A vibrant marketplace – where small, medium, and big businesses compete to offer better prices, higher quality, and more locations – benefits all Americans.