

Case Study: Gowrie, IA

When trucks stopped making deliveries to the local grocery store, leadership in Gowrie, IA began researching solutions to save the store

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Background

Ever since Gowrie was founded in 1870, there has been a grocery store. In fact, at one time, there were three grocery stores in town. Two stores operated into the 1970s. The remaining store operated in two different locations on Market Street – the town’s main downtown area. From 1951 through 2018, that store – named Carr Grocery, then Foodland, and more recently Jamboree Foods – was owned by Russell Petersen.

As a multi-generational family business, the store was taken over by Jeff and Julie Petersen in 1986 from his father. But, upon their retirement in 2018, the stability of the store faltered.



The storefront of Market on Market. The name of the store was chosen through a community vote.

The Problem

In 2018, Jeff Petersen sold his business to an operator who also owned grocery stores in several neighboring communities. But not long after, in 2020, word spread that the owner of Heartland Markets was rapidly preparing to exit the industry. His grocery stores began to close, leaving the community of Gowrie to wonder if their store would be next.

“The other stores were closing, and we saw the writing on the wall,” said Marcie Boerner, the Chief Operating Officer at Webster Calhoun Telephone Association. “We thought, ‘Oh no, when are we going to be next?’”

If Gowrie’s grocery store closed, residents in town would have to travel at least 25 miles one way to get groceries. To make matters worse, the closure would also affect residents living in the 14 rural communities surrounding Gowrie.

Given the dire situation, the citizens of Gowrie and local business owners rallied to combat the potential closure. They had faced a problem like this before. Years prior, when former members of the Gowrie Country Club faced a similar fate, the community came together and formed an LLC to purchase the golf course and keep it open. Could the community do something similar to save their grocery store?

“We’re not the type of community to say ‘Oh, well.’ We want to take action and we want to be a viable and strong community. We will step up and do it.” – Marcie Boerner, Chief Operating Officer at Webster-Calhoun Cooperative Telephone Association

ABOUT THE COMMUNITY

Population ^{1*}	952	% of population in poverty versus statewide average ^{2*}	10.9% v. 11.1%
Next closest grocery store.....	25.2 Miles	Poor mental health days in past 30 days ^{3**}	4.3 days
Median household income ^{2*}	\$44,514	Poor physical health days in past 30 days ^{3**}	3.7 days
Median age ^{2*}	44.7 years old	% of adults with obesity ^{3**}	38%
Hispanic ethnicity as % of population ^{1*}	5.9%	Food insecurity ^{4**}	11%
% of population under 18, over 65 ^{2*}	23.6%, 25.2%	Limited access to healthy food ^{5**}	12%
Earned a bachelor’s degree or higher (18 and over) ^{2**}	17.96%	Quality of life ^{6**}	75th of 99
Socioeconomic factors ^{6**}	30th of 99	Health behaviors ^{6**}	97th of 99

Sources:

- 1. U.S. Decennial Census, 2020
 - 2. 5-year American Community Survey, 2020
 - 3. Behavioral Risk Factor Surveillance System, 2019
 - 4. Map the Meal Gap, 2019
 - 5. USDA Food Environmental Atlas, 2019
 - 6. County Health Rankings and Roadmaps by Wisconsin University’s Population Health Institute, 2022 ([measures and methodology, data](#))¹
- * Gowrie
 ** Wilson County

The Process

In November 2019, the community started noticing that trucks had stopped making deliveries to the grocery store. The shelves were becoming bare.

Kevin Black, member of the Gowrie Development Commission, realized that a problem was looming for the local grocery store, so he gathered some of Gowrie's leadership to brainstorm a plan of action. Their initial meeting included the presidents of the two local banks, the general manager of the telephone company, the mayor, the utility director, and the president of the Gowrie Development Commission. The group agreed that the grocery store was a cornerstone in their community, so they began hatching a plan to save it. As a first step, they approached the owner to see if he was willing to sell the store building, inventory, and equipment.

But, sell to who? Finding a private buyer seemed unlikely. So, the committee started researching alternative ownership models, including a nonprofit model. They also visited other community-supported grocery stores in the neighboring towns of Dayton and Stratford.

Ultimately, the newly formed board leaned on the town's previous experience with the golf course. They decided to form an LLC and raise money by selling shares. Compared to their other options, they believed this would be the fastest way to open. With members of the community investing in the business it was hoped investors would also continue to support the business by shopping locally.

The committee scheduled a community meeting in January 2020 to determine how community members would feel about buying shares of the local grocery store. The turnout for the meeting was a success, with approximately 150 people in attendance. During this meeting, the committee outlined the need to raise capital to purchase the store

Timeline

- 2018**
Longstanding owner of Jamboree Foods, Jeff, retires.
- Spring 2019**
Ribbon cutting ceremony for Heartland Market.
- December 2019**
Gowrie realizes their grocery store is in jeopardy and an ad hoc grocery store committee forms to research solutions.
- January 6, 2020**
A community meeting is held to discuss the grocery store's future. Approximately 150 people attend.
- January 15, 2020**
Gowrie raises \$250,000 to maintain the local grocery store.
- February 16, 2020**
Gowrie Grocery LLC, doing business as Market on Market, forms.
- March 20, 2020**
Heartland Market closes doors, Gowrie Grocery LLC purchases the store building and inventory.
- April 24, 2020**
Market on Market holds a soft opening.
- April 25, 2020**
Market on Market officially opens for business.
- December 2022**
Market on Market repays loan to Gowrie Development Commission, meaning they can begin investing directly back into their store.

building, inventory, and equipment. They set a goal to raise \$250,000.

To raise adequate funds, the committee set the value of each share at \$2,500. In full transparency, they emphasized that shareholders would likely never receive an annual dividend or financial reward, as any potential profit would go back into maintaining the store. Even so, the community was eager to invest to keep the store alive. The committee met their fundraising goal in 10 days' time.



Four members of Gowrie's leadership team for Market on Market. From left to right, Kathy Carlson, Gary Kuhn, Marcie Boerner, and Matt Nahnsen.

Once the money was raised, the committee reached out to a few other leaders in town to form the store's board. Combined, this group had many strengths such as construction, banking, and business experience that contributed to solving problems down the road.

On February 16, 2020, the board filed with the Iowa Secretary of State's office and officially formed Gowrie Grocery LLC, doing business as Market on Market. Through this board, a manager was selected, bylaws were created, and other structural details were set in motion. This allowed them to purchase the store building and inventory, apply for a liquor license, and apply for SNAP and WIC authorization. Using a 0% interest loan from the Gowrie Development Commission, Gowrie's economic development group, Gowrie Grocery LLC bought shares to become a member with their food supplier, Associated Wholesale Grocers (AWG). AWG helped create a new layout for the store and trained employees on the Point of Sale system.

"I call it community-owned. Even though there's only 60 people who are actually shareholders, other people donated five dollars, 50 dollars, whatever," said treasurer, Kathy Carlson. "They helped do this whether they gave \$2,500 or not."

After a brief 30-day lapse between store owners, Market on Market officially opened for business on April 24, 2020.

Decision making as a community-supported store

With this ownership model, there are several hierarchies of decision making. Initially, the seven-member board of Gowrie Grocery LLC oversaw minute details of the store's daily operations. As the store stabilized, however, that responsibility was delegated to the store manager. Today, the board only focuses on big picture items that affect the entire business, such as the selection of management, store hours, and pay raises.

While the board votes on the operational issues with input from the general manager, shareholders get a voice in the store's future. At annual meetings, shareholders can vote on major decisions such as selling, leasing, merging, changing the business name, electing board members, and adding new shareholder members.

Challenges

Communicating about the ownership transition was a challenge, particularly with store employees. Because a brand-new entity was taking over the store, employees were expected to re-apply to work at the store. However, this had never been communicated with employees until ownership changed hands on March 20, 2020. This caused confusion among employees and the community.

Because the store was bought in late March of 2020, the COVID-19 pandemic significantly impacted the store's opening. Schools and businesses had closed, and in-person gatherings were indefinitely put on hold. Getting a state inspector to look at the building was a challenge, since all in-person inspections were paused.

"We were trying to have the state inspectors come to say, 'You can open for business,'" Kathy said, "and nobody was open for business." Even with this setback, however, the doors only closed for 30 days before reopening.

The Market on Market team has proven themselves to be adaptable through multiple management shifts. The board faced a hiccup after opening on April 25, 2020. Their first store manager wasn't a fit for the long run, and after just five months of being open, the board had to fill in for management from September to November. Luckily, the board has been able to find managers since that have transferrable skills from previous jobs.

Lessons Learned

The community decided against a nonprofit model because of perceived time constraints. Still, Market on Market benefits from another nonprofit through fiscal sponsorship. Through the Community Foundation in Fort Dodge, people can donate money to help the store and still receive a tax deduction for their charitable contribution.

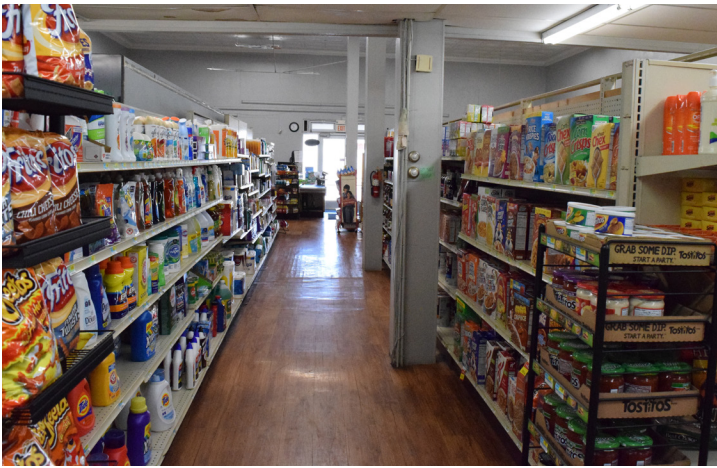
The COVID-19 pandemic created huge demand for online shopping, curbside pickup, and deliveries. Market on Market soon realized that offering these services would be necessary to compete. Although their website is still in the works, customers can call in their orders and have their groceries delivered by store employees.

Taking your time when making big decisions, such as choosing a Point of Sale system or hiring a store manager, is vital to the store's success. Market on Market's previous store manager, Matt Nahnsen, encouraged, "If you have time, research all your options."

When creating a board, it is important to consider the different skills people in town can bring to the table. For example, Market on Market's board members have diverse backgrounds and expertise in banking, construction, farming, and economic development – all of which helps the store in various ways.



Fresh produce aisle in Market on Market.



Aisle view within Market on Market.

Market on Market's board recognized early they couldn't meet their goals without the community's active engagement. Beyond financial investments and contributions, people volunteered their time to get the store ready for customers. They even helped select the store's name. Through social media, community members provided suggestions and voted to name the store Market on Market. "That was just another thing to help make them feel like it was theirs," Kathy said.

What's Next

The board is eager and aware of opportunities for growth. "You want to really make produce go in a small town? I think you have to have a deli," board president Gary Kuhn said. With not many cafés and restaurants serving lunch in town, they see this as a need the grocery store can fill.

The store is also actively growing their connections to local produce. "I have sweet corn from a gentleman that lives outside of town," Matt said. "I have a gentleman that will be moving to a farm here and it's going to have locally-raised eggs that can be sold in the store." This not only supports the local economy, but selling local food also helps Market on Market differentiate itself from competitors.

To improve distribution efficiencies, the store is also looking into collaborating with other nearby stores on orders and truck deliveries. "If there's something I need to order for Thursday truck, I call [the nearby store in Dayton] or text and say, 'Hey, I need this stuff ordered.'.... I usually text [the neighboring store manager] and say, 'Hey, what do ya got extra?' and pick that up before I do my order," Matt said. A more formalized partnership will help eliminate food waste and save money.

Despite the challenges and uncertainties which impeded the store's reopening, the Gowrie community persevered and achieved its vision by innovating and working together.

Acknowledgments

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This case study is part of a series exploring innovative approaches to maintaining and establishing rural grocery stores. The series is made possible through a Heartland Challenge Grant from the Ewing Marion Kauffman Foundation. To see more, visit www.ruralgrocery.org.

About RGI

The Rural Grocery Initiative, housed within K-State Research and Extension, aims to sustain locally-owned rural grocery stores to enhance community vitality and improve access to healthy foods by identifying, developing, and sharing resources that support grocers and rural communities.

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