

# Food Insecurity Nutrition Incentive Grant Program (FINI)

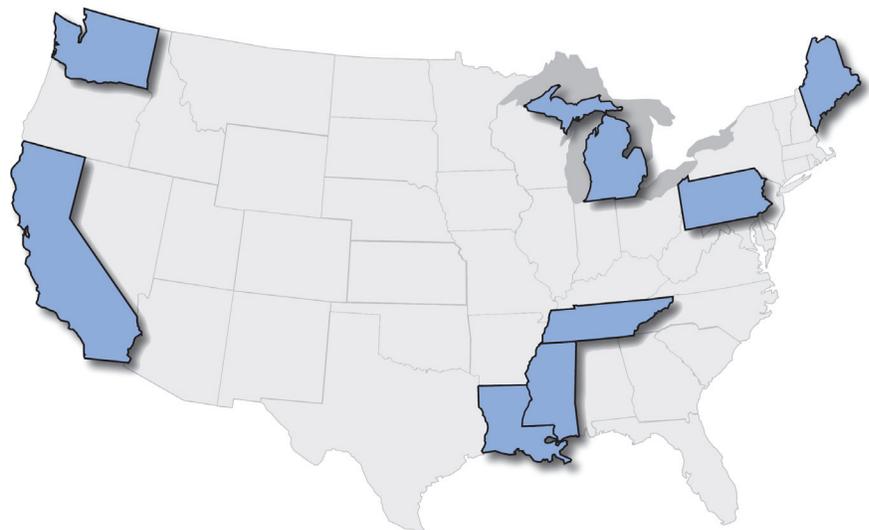
## 2015 Grocery, Corner Store, Food Hub and Delivery Route Results

*This report summarizes the first year results of the medium- and large-scale Food Insecurity Nutrition Incentive program (FINI) funded projects conducted in grocery stores and other non-direct retail in 2015.<sup>1</sup> The results are based on data publicly available on the USDA National Institute of Food and Agriculture (NIFA) website<sup>2</sup> and information provided voluntarily by the grantees. It should be noted that the programs used different metrics to measure their work, not all collected the same data and not all shared all of their information. As a result, the numbers in this report significantly underestimate the number of SNAP shoppers who participated in incentive programs and the total impact the programs had on their diets. It is too early to draw definitive conclusions, but the first-year results are very promising. Incentive dollars made produce more affordable for tens of thousands of low-income SNAP households and they responded enthusiastically. With just several months of active programs in 2015, all the indications are that produce incentives are an effective way to support healthy diets for SNAP households and increase sales for participating grocers. We would like to thank all the grantee organizations for their generosity in sharing results. Contact information for each project is included in the final page of the report.*

**Initial results of the FINI Year One grant program are positive.** More than 25,000 SNAP households purchased more than half a million dollars worth of mostly fresh, nutritious fruits and vegetables during the several months when the programs were operating. The one program that was able to do a matched sample of SNAP households showed that ***FINI-funded incentive program participants spent almost 50 percent more on produce during the 2015 promotion period than they did over the same time period in 2014.*** Customer surveys from other programs reflected that well over half of participants reported increasing their produce consumption as a result of the incentives. Grocers liked the program and were willing to invest both money and time to adapt systems to make it work in their stores. Cooperation with a range of public and private agencies providing nutrition and cooking education enhanced the value of the financial incentives and was vital to success.

In April 2015, NIFA awarded seven grantees a combined \$31 million for up to four years for organizations to conduct SNAP produce incentive programs that included non-farm direct and grocery retailers.<sup>3</sup> These programs offered incentives in two national supermarkets, several regional chains, multiple smaller grocery stores, cooperative groceries, a couple of urban corner stores and two food hubs that make food drops in mainly rural communities.

These projects operated at 59 sites in 41 counties in eight states in 2015: California, Louisiana, Maine, Michigan, Mississippi, Pennsylvania, Tennessee, and Washington.



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**“This has helped me change my life....  
This is the difference between healthy  
eating (which I need for severe chronic  
illness) and much less nutrients.”**

**– Participant**

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*FINI incentive programs operated in high need areas: almost half were in communities with poverty rates exceeding 20 percent and 34 of the sites were in counties with poverty rates above the 2015 national average of 13.5 percent.* There were projects in eight rural and 33 urban counties. Five of the seven targeted the incentives to the purchase of *fresh* produce and four included a *regionally-grown* criteria.

Shoppers in the several programs that provided full purchase data earned incentives on \$427,369 worth of nutritious produce purchases made with their SNAP cards. These participants “earned” a combined \$383,971, either in incentives for additional purchases or in automatic price discounts, and used \$72,997 in earned incentive dollars to buy more produce.

## PROGRAM MODELS

Programs adopted one of two basic approaches: an immediate price discount on produce purchased with SNAP, or incentive dollars earned on fruit and vegetable purchases made with SNAP to use on future produce purchases.<sup>4</sup> All but one of the programs included additional nutrition education, food shopping, and/or cooking training.

The most common incentive ratio was \$1:\$1 or a half-price discount on produce. One program offered SNAP shoppers who purchased \$10 in fresh produce a coupon worth 50 percent off their next fresh fruit and vegetable purchase; another provided shoppers with a two-dollar electronic coupon for future use when they bought five dollars of produce with their SNAP benefits.

The projects that offered additional funds for future produce purchases provided the benefits in three different ways. Most used a cash register printed coupon, one provided pre-printed color coupons, and two attached the incentives to store loyalty cards. In these cases the stores’ IT departments adapted the loyalty cards to be able to store the incentive dollars SNAP shoppers earned.

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**“In the end, you’re helping customers with their families and their lives by offering the (incentive) program. If that’s not reason enough to participate, honestly I question why you are in this business.”** – *Participating Grocer*

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It was impossible to isolate the degree to which different incentive values influenced shopper behavior because there were many other variables in program implementation. There does not seem to be one “magic” incentive value, but the benefit level affects behavior, at least for some shoppers. One program saw low participation when it launched offering a 30 percent discount, but participation increased immediately when the incentive was raised to 50 percent. A program that used register generated coupons worth the value of produce bought on that day (100 percent incentive) found that the average coupon *used* had a higher value than the average coupon *issued*. Shoppers seem to have taken greater care to use the coupons that had a higher dollar value.

Register generated coupons seemed to be the least expensive and most easily implemented incentive delivery mechanism, especially for stores without loyalty cards, and achieved redemption rates of between six and 38 percent. The higher use rates were achieved in stores located in low-income communities, where a large share of the shoppers use SNAP, and in cities in which the incentive program has been operating for several years. These programs provided a coupon equal to the value of the fresh, in-state grown fruits and vegetables SNAP shoppers bought. Incentives could be used on any future fresh produce purchase. *Even the lowest FINI incentive coupon use rate greatly exceeded the coupon industry average of two percent.*

Two programs managed shoppers’ incentives through existing store loyalty cards. There were differences in program design, implementation method and size, which makes comparison tricky. One organization operated a program in five stores in urban and rural communities in one state. Incentives were earned for the purchase of any produce and could only be used on a subsequent purchase of fresh fruits and vegetables grown in-state. SNAP shoppers in these stores purchased a total of more than \$200,000 of fresh produce during the course of the program, \$41,000 of which was regionally grown, for an average redemption rate of 25 percent (initial SNAP produce purchases of \$162,000 SNAP and \$41,000 in fresh fruits and vegetables bought with incentives).

The other program operated in one store and did not tie the initial produce purchase that earned an incentive to regionally grown fruits and vegetables. The incentive dollars shoppers earned could be used for any SNAP eligible

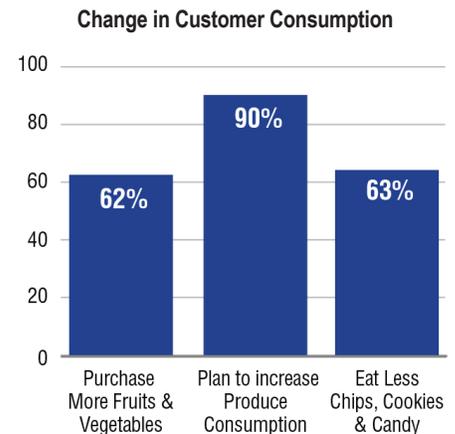
food. This program included an intensive educational and promotional component. Shoppers in this store bought \$29,000 of fresh produce and earned an additional \$11,000 to buy food. Shoppers used almost \$9,000 of these incentive dollars for a 78 percent redemption rate.

## PARTICIPANT FEEDBACK

Survey responses from participating SNAP shoppers reflect that incentives significantly increase produce consumption. Sixty-two percent of participating shoppers reported that they were purchasing more fresh fruits and vegetables because of the incentive program and 90 percent said that they planned to increase their produce consumption. Sixty-three percent reported eating fewer potato chips, cookies and candies.

Customers reported being more aware of the program in stores that used coupons; but in both coupon and loyalty card systems, cashiers thought customers were buying more produce. Customers' awareness and use of the program was higher in stores in which management and cashiers reported feeling engaged in program implementation and cashiers said they enjoyed explaining the program to customers. *Store data and surveys overwhelmingly reflect that programs were most successful in the stores in which owners, managers and staff liked the program and felt good about participating.*

Despite technology challenges, incentives were popular among participating merchants. One study found a five percent year-on-year increase in produce sales to SNAP shoppers. As another grocer put it, "The customers love it, we love it and the farmers love it. It's a win-win-win situation."



## LESSONS LEARNED

It is still the early days of the FINI program, but it seems clear that *offering produce incentives does increase SNAP shoppers' purchases of healthy fruits and vegetables.* There does not seem to be one best way to implement the program and neither the incentive level, the delivery mechanism, requiring a local product purchase, or high community poverty rate alone determine SNAP participants' use of the program.

Adding a regional food component to an incentive program does not make it too difficult to implement. The program with the highest number of participating stores, SNAP shoppers, and total sales required that either the initial SNAP produce purchase or the subsequent purchase made with incentives be for fruits or vegetables grown in-state.

There is no magic incentive value: The \$1:\$1 incentive or half-off were the most common, and programs using this level on average recorded higher redemption rates, but there was variability among them. Other incentive levels were effective, particularly when accompanied by intensive communications and complementary nutrition education.

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**"It's the greatest thing since sliced bread. The customers love it, we love it and the farmers love it. It's a win-win-win situation."** – Participating Grocer

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No incentive delivery method is obviously superior to others. An important experience from the first year is how much program design was constrained by the limitations imposed by the cash register hardware and software in the stores. Adapting existing technology can be both difficult and expensive and while the challenges were different in different kinds of stores, they were formidable everywhere.

Grocery stores that are located in the highest need areas are also the stores that have the fewest human and technological resources available to implement incentive programs. These grocery owners are highly motivated but need support to be successful.

For incentive programs in the grocery setting, there can be an inherent tension between the desire to move check-out lines fast and results that indicate that shoppers use the program most intensively where store staff, and particularly cashiers, take time to engage their SNAP customers, explain the program and encourage them to use it.

People need to know about an incentive program to use it and some customers expressed skepticism about incentives

being “too good to be true.” Information from public SNAP agencies and word of mouth were the most trusted sources of information for shoppers.

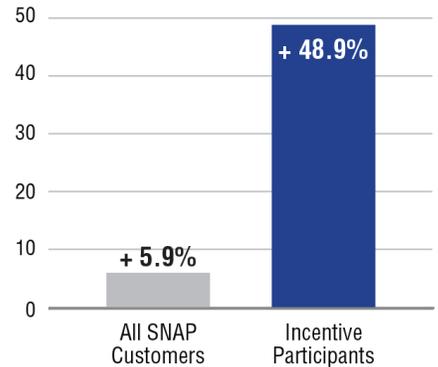
Collaboration among a range of public and private agencies seems to be key to success. At least five of the seven projects worked with public health and human service agencies, Extension Service, SNAP Education, the Expanded Food and Nutrition Program (EFNEP) and private anti-hunger groups. Several partnered with local hospitals, YMCAs and public sustainability offices.

The first year experience of FINI-funded, SNAP produce incentive programs in grocery stores was remarkably successful. Incentive dollars made produce more affordable for tens of thousands of low-income SNAP households and they responded enthusiastically.

Moving forward, one of the points made by a program partner was the need to be careful about relying exclusively on quantitative data and/or program size to assess program effectiveness. Smaller stores in high need communities may have fewer customers each, but collectively make a larger impact on the food environment and eating culture of a neighborhood.

Many factors influence the food people buy: incentives help make produce available; simple rules and effective signage help shoppers understand the program, education provides shoppers the knowledge they need to prepare healthy foods, and comfortable store environments and engaged staff can make low-income shoppers feel good about using the program. With just several months of active programs in 2015, all the indications are that produce incentives are an effective way to support healthy diets for SNAP households and increase sales for participating grocers.

A matched sample (by store loyalty card) of SNAP households showed that program participants spent almost 50% more on produce during the 2015 promotion period than they did over the same time period in 2014. SNAP customers overall (including non-program users) spent 5.9% more on produce at this supermarket over the same time periods.




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**“I want to thank you all from the bottom of our hearts for organizing this program.... The food was fresh, seasonal, delicious, nutritious, lovingly grown, well-preserved, and packaged. The staff were so knowledgeable, friendly and helpful.”** – *Participant*

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## LINKS FOR MORE INFORMATION

AARP Foundation, Patrick Raitt Director, Foundation Relations/Interim Hunger Program Manager, praitt@aarp.org

Fair Food Network, [www.fairfoodnetwork.org](http://www.fairfoodnetwork.org)

Maine Farmland Trust, Shannon Grimes, [shannon@mainefarmlandtrust.org](mailto:shannon@mainefarmlandtrust.org), 207-338-6575; [maineharvestbucks.org](http://maineharvestbucks.org)

Mandela Marketplace, Trisha Chakrabarti, Program + Policy Manager, [trisha@mandelamarketplace.org](mailto:trisha@mandelamarketplace.org)

Market Umbrella, [www.marketumbrella.org](http://www.marketumbrella.org)

The Food Trust, [nrivera@thefoodtrust.org](mailto:nrivera@thefoodtrust.org) and <http://thefoodtrust.org/phillyfoodbucks>

The Opportunity Council, [www.oppco.org/fresh-bucks/](http://www.oppco.org/fresh-bucks/)

## Kate Fitzgerald

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Funded by **Wholesome Wave**

1 <https://nifa.usda.gov/program/food-insecurity-nutrition-incentive-fini-grant-program>

2 [https://portal.nifa.usda.gov/enterprise-search/?client=reis\\_facet&filter=0&from\\_site=NIFA&getfields=Progress+Year.Knowledge+Area.Science.Subject.Type.Keywords.FDC.State.Grantee+Type.Project+Type.Sponsoring+Agency.Award+Amount+Range.Grant+Award+Year&output=xml\\_no\\_dtd&proxystylesheet=reis\\_facet&q=FINI+2015&site=CRIS\\_FACETS](https://portal.nifa.usda.gov/enterprise-search/?client=reis_facet&filter=0&from_site=NIFA&getfields=Progress+Year.Knowledge+Area.Science.Subject.Type.Keywords.FDC.State.Grantee+Type.Project+Type.Sponsoring+Agency.Award+Amount+Range.Grant+Award+Year&output=xml_no_dtd&proxystylesheet=reis_facet&q=FINI+2015&site=CRIS_FACETS)

3 <https://nifa.usda.gov/press-release/usda-awards-31-million-grants-help-snap-participants-afford-healthy-foods>

4 One program allowed future purchases to be used for any SNAP eligible food.