

Getting SNAP shoppers online is a win for food security and superstores. For corner stores and bodegas, not so much

August 31 2022, by Lynette Hazelton, The Philadelphia Inquirer



Credit: Pixabay/CC0 Public Domain

The push for recipients of Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, to shop online has been hailed by anti-hunger activists as a win-win solution to food insecurity. Locally, one out of every 10 households lacks access to affordable, healthy food

on a consistent basis.

Supermarkets, they say, will offer greater convenience and better access to healthier food while reducing stigma by providing the same customer payment experiences as non-SNAP consumers.

But trying to keep pace with stores like Walmart and Amazon, who are already providing online SNAP shopping, will severely burden the hundreds of less tech-savvy neighborhood corner stores and bodegas, often one of the only grocery providers in low-income areas.

The USDA Food and Nutrition Service (FNS), the federal agency that administers SNAP, has been running its Online Shopping Pilot program since 2017, starting with seven states. Because of COVID, the pilot was quickly expanded and is now in 48 states. ALDI, Walmart and BJ's Wholesale Club are among the stores offering the online shopping service in both states.

However, the USDA acknowledges small store owners will face serious technical and financial hurdles as they try to meet the online shopping approval requirements and risk being at a competitive disadvantage because they lack the necessary e-commerce infrastructure.

In May, the USDA FNS reported three million SNAP households shopped online that month, up from 35,000 two years earlier.

"I think it is a good idea. The first people who come to my mind are mothers with newborn babies who could order things and not have to leave the house," said Obed Borrayes, who has owned Esperanza Grocery Store in Camden, New Jersey, for seven years and is a member of La Asociación de Empresarios Unidos.

"And it is very important for [small businesses](#) to keep advancing with

technology and not get behind," added La Asociación president Franklin Hernandez, owner of Luz Supermarket in Pennsauken, New Jersey.

To add online capacity, grocers, even those already approved to accept SNAP for in store purchases, will have to complete a separate application process. They will also have to make significant changes to their websites.

"The local corner stores, most of them are not very sophisticated and do not have the inventory management and [control systems](#) that will be necessary [for online retailing]," said Michael Fienman, a Philadelphia lawyer who specializes in helping small grocery store owners navigate accusations of SNAP retailer violations. "They will have to be willing to put their whole inventory online, and many don't even have websites," Fienman said.

In addition, they will have to contract with a third-party processor for encryption of the Electronic Benefits Transfer (EBT) Personal Identification Number (PIN)—the [debit card](#) that is used by SNAP recipients—as well as ensure secure transaction processing and certify and test changes to their online shopping site.

It's a daunting list for the average bodega or corner-store owner. Fienman added that the difficulties are compounded because much of the relevant information is available only in English.

"It doesn't look discriminatory on its face," said Fienman, "but when you look at the owner and operators of these stores, many are immigrants and English is their second language. It becomes clear that they don't have the ability to read and understand the rules and regulations. Oftentimes in my practice, I am interfacing with the owners' children or with their accountants who have the language skills."

"No way they can navigate the system to apply to be a [food stamps](#) [retailer]. They must pay an accountant to do it," agreed Somaly Osteen, program manager for the Asian American Chamber of Commerce. Osteen works with Asian merchants, many from Cambodia, in southeast Philadelphia.

And online shopping would be subject to [technical problems](#) that could severely harm small grocers.

A national glitch on Sunday not only left 1.8 million Pennsylvanians locked out of their benefit but 1,609 local stores unable to accept EBT purchases for hours. "There have been outages before but usually only for an hour," said State Rep. Danilo Burgos. "I have never seen an outage for this long, and the USDA didn't communicate with anyone." In 1994, Burgos, a former bodega owner, cofounded the Dominican Grocers' Association of Philadelphia. Burgos said some owners allow customers to take the products and pay after EBT was restored.

This summer the USDA FNS announced a \$5 million competitive grant for an organization to help independent retailers and grocers expand their use of online shopping. The winner will be announced in the fall.

SNAP is the country's largest private-public partnership with the government providing about \$70 billion annually for 41 million people. Because of the pandemic, the average monthly benefit is now \$218, up from \$130 per person.

Large superstores like Walmart redeem \$8 out of every \$10 spent on SNAP.

About 80% of the 250,000 approved retailers are small stores, many of which need to provide EBT services because their customer base is highly dependent on SNAP. According to Information Resources Inc.,

12% of all food and drink sales in 2020 (excluding bakery, produce, and deli) were SNAP sales, which totals \$74 billion.

Osteen estimated that EBT spending, which is limited to purchasing approved foodstuffs such as meat, dairy products, vegetables, and fruit, is at least 30% to 40% of a small grocer's bottom line. Losing their SNAP customer base would be a fatal economic blow for small stores.

"Without accepting SNAP EBT, maybe I could keep the store running, but the business would be very different. Too many customers rely on EBT," said Hernandez, adding that when stores lose the ability to accept SNAP EBT, most owners shutter the business.

Borrayes explained that SNAP customers would only buy items in a non-EBT accepting store that they "really, really needed and couldn't go someplace else to buy it." Otherwise, they would go elsewhere.

"A store without EBT, a customer will just walk to the next store that accepts EBT," Osteen agreed.

"Basically, you have to work longer hours because EBT is paying for a worker," added Jonathan Hernandez, co-owner of Junior Supermarket in Camden.

The USDA FNS issues retailer approvals, investigates violations, and applies sanctions. According to the latest statistics, USDA FNS permanently disqualified almost 1,600 SNAP retailers in fiscal 2021 for violations, the majority of which are small business.

A year ago the USDA FNS announced that 28 Philadelphia retailers were suspected of violating the rules, including 11 that were selling ineligible items to an undercover agent.

SNAP payment technology has come a long way from the booklets of blue and orange paper stamps that gave the program its original name.

When President Lyndon B. Johnson signed the Food Stamp Act at the end August 1964, he made what was a pilot program into a permanent part of his antipoverty plan. "As a permanent program, the food stamp plan will be one of our most valuable weapons for the war on poverty," Johnson predicted.

The next payment innovations were the EBT cards that were first tested in Reading, Pennsylvania, in 1984 and ushered in the digital age.

Now the USDA FNS is planning a mobile payment pilot that would allow SNAP participants to use a mobile device to make SNAP purchases.

2022 The Philadelphia Inquirer

Distributed by Tribune Content Agency, LLC.

Citation: Getting SNAP shoppers online is a win for food security and superstores. For corner stores and bodegas, not so much (2022, August 31) retrieved 27 January 2023 from <https://techxplore.com/news/2022-08-snap-shoppers-online-food-superstores.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.