

This guide provides grocers with a basic understanding of costs that you may incur when participating in a Nutrition Incentive (NI) or Produce Prescription (PPR) project. Costs or ranges below are provided as a frame of reference and may vary greatly depending on your project partner. You should seek appropriate estimates specific to your incentive project and discuss these upfront with your grantee organization. The most common areas for potential costs for grocers are:

- Point of sale system updates
- Loyalty programs used to issue & redeem incentive transactions
- Card & transaction fees if used for produce prescription programs
- Coupon printing
- Local sourcing
- Marketing
- Staff time

POINT-OF-SALE SYSTEM UPDATES

The largest potential cost to grocers operating nutrition incentive projects can be those associated with modifying, upgrading, or installing new POS systems to facilitate accurate and efficient incentive transactions. These vary greatly depending on what is required, and the service agreement grocers have with their system dealers.

Type of Update	Description	Estimated cost range
Modification	A modification could be the addition of an optional module (loyalty module) that contains a solution but was not purchased originally with the POS system.	\$0 to over \$1,000 per year
Upgrade	Upgrade to the newest version of your POS system that provides access to features that enable accurate and efficient nutrition incentive transactions.	It depends greatly on the scale of upgrade needed, and the agreement you have in place with your POS dealer. \$100 per lane- \$10,000 per lane.
New POS System	Most often applies to a small store who may be installing a POS system for the first time.	Most have start-up, monthly and transaction-based fees. \$2,000- \$20,000, vary greatly based on capabilities.



According to funding regulations, grant funds may not be used to purchase a new POS system to redeem SNAP/NAP benefits or incentives. However, upgrades to a retailer's existing equipment specifically for the purpose of enhancing the issuance and/or redemption of fruit and vegetable incentives may be covered by the grant funds. For example, some grantees have supported adding functionality to an existing POS system or integrated third-party apps to process incentive transactions. This availability and amount is determined by the grantee organization and their budget.

LOYALTY PROGRAMS

Loyalty programs can be expensive. Some cost upwards of \$10,000 per year, including setup fees, monthly fees, and the cost of the physical cards (can be between a few cents to 50 cents or more depending on the quantity, type and quality of the cards purchased). This cost may be avoided with newer loyalty programs that use the customer's phone numbers in place of a card, eliminating the per card costs.

Some POS systems may already include a loyalty component. Even if the retailer does not wish to offer a full loyalty program to all customers this could be used just for incentives. These additional modules may cost several thousand dollars depending on the system. It may be unlikely a grocer would purchase a new loyalty platform just for incentives, but it may be possible to program incentives into a store's existing loyalty platform for a lower cost. This is often done just as any other store promotion would be programmed and can be processed along with hundreds of other promotions within the system. A loyalty-based incentive solution is just another type of promotion that can be processed along with hundreds of other promotions within the loyalty system.

Lastly, some loyalty platforms have built-in automated NI issuance and redemption features, there are instances where the loyalty platform has created a solution at no charge to the retailer.

PRODUCE PRESCRIPTION CARD AND TRANSACTION FEES

Produce prescription card programs are provided by third party payment networks like gift card networks seen in many retail stores. INCOMM, SoluTran, Nations Benefits and others are showing interest in how their networks may be able to provide produce prescription solutions.

The card networks provide the cards, transaction approvals and reimbursement to retailers along with other grantee back-office services for a monthly fee. For retailers, there can be two different fees accessed to the retailer for each card transaction processed. The first fee may be a flat per produce prescription card transaction fee (often \$0.50 to \$1). The second fee is a percentage of the value of the produce prescription portion of the transaction (may range from 1.5%-3%).



COUPON PRINTING

Accepting pre-printed coupons or other paper vouchers is often utilized when technology is not available, or the costs are too high. The costs associated with coupons may include store and grantee staff time to count and process. While this typically won't represent a large cost, it should be considered as a factor especially if a project should grow quickly.

Third-party companies like Catalina Marketing charge a retailer \$0.01 to \$0.03 to print coupons. You may be familiar with the ribbon of coupons that print from a separate printer at the checkout. The Catalina Marketing works with retailers and manufacturers to offer certain coupons that are triggered at the POS by consumer purchase behavior. These systems are most often used by large retail chains and these costs would be paid by the retailer.

LOCAL SOURCING

Some grantee projects may have local sourcing requirements built into their grants which grocers will work to meet. These may or may not have implementation or ongoing costs. If your store does not currently have a successful local sourcing program you may need to find new distributors and partnerships to secure local produce which can mean additional costs and staff resources for your business. The cost of local produce may be higher than other produce on inventory.

In some situations, grocers securing new local sourcing distributors were disappointed to find that the quality of local produce was lower quality than that obtained through their wholesaler. Most often this may be cleared up by re-setting expectations with the supplier, there may be costs associated with loss of product.

To help offset these costs grantee organizations have strong networks with local producers and can help grocers to kick-start necessary sourcing relationships. Additionally, grantees may have expertise in managing these relationships to minimize the cost burden over time. Grantees may also offer staff time in helping grocers make necessary adjustments to reflect the focus on local (i.e. creating new signage, helping the IT department reflect changes needed in the POS system, etc.)



MARKETING

Marketing costs will vary between projects. Grantees or program partners often cover this, though you may prefer to design and print your own promotional materials to better meet your branding guidelines.

STAFF TIME

Grocers should expect to invest time in training cashiers and other front-line staff who will be regularly interacting with participant shoppers. This time is typically minimal, and content can often be worked into other training methods already in place.

Grantees will require some reporting data pulled and shared with them monthly. This data will drive your monthly reimbursements and will also help the grantee evaluate the program's effectiveness. These processes will require some store staff time to accomplish. The specifics of what is required will vary from project to project. Grocers may also choose to use automated reporting, which can cost ~\$1,000/year.

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