

## Overview of WIC Vendor In-Depth Interviews

Conducted March 31 – April 10, 2008

13 Interviews Conducted with WIC Vendors

### Most Vendors Aware of Upcoming Changes

The majority of vendors interviewed are aware of upcoming WIC food package changes, with nine of 13 having received information from state representatives, the Texas Advisory Committee, the Texas Grocery Association or via state mailings.

In terms of the impact on their general business operations, vendors most often highlight the addition of produce to the WIC food package and changes in product quantities, such as the reductions in milk, eggs, cheese and juice.

### Vendors Expect New Challenges Along with Continuing Profit and Compliance Issues

While vendors appreciate that WIC participants will directly benefit from the addition of healthy alternatives, they also see potentially negative impacts to their own bottom line.

The addition of fresh produce makes some vendors nervous because the crops are so dependent on weather. Noting that produce prices are “extremely volatile,” several vendors worry about the fluctuating prices of fruits and vegetables infiltrating into their narrow margins on the WIC food items.

*“If it’s going to be fresh produce, the markets are very unstable ... One day they could double the prices from the week prior. Price fluctuations are going to be the problem.”*

- Supermarket President, Waco

*“To be honest, as far as we’re concerned, I think our profits will actually go down because we have a smaller profit level on produce, but we don’t depend on WIC sales for the store’s well-being.”*

-Grocery Manager, McAllen

Other vendors are concerned about stock levels during the transition phase, and how to limit the amount of random weight items. One vendor, a Director of Pricing, elaborated:

*“I still don’t completely understand how they are going to be limiting the amount of packages on some of the random weight items, whether it’s per pound or dollar amounts. A carrot can weigh differently depending on the carrot; it’s different than scanning a box of cereal, for instance...”*

-Director of Pricing, Coppell

Another respondent highlighted compliance requirements and administrative issues that accompany their status as a participating WIC vendor, underscoring the importance of employee training for the upcoming food changes.

*“WIC is a great program. It provides a great benefit, but so much of the administration and management is placed on the stores. And it’s going to get even worse with the new food groups being rolled out in 2009, where additional choices will now be offered to the WIC client ... We continuously have to respond to letters we received from them, if we sold the wrong thing, or we*

*didn't have the right labeling ... It's going to be a big learning curve for the customers and stores."*

-Supermarket Assistant Treasurer, San Antonio

Of course, communication – on several levels, between the WIC administrators, WIC vendors, vendor employees and WIC participants – is clearly seen as a critical ingredient for the success of the program. Overall vendors seem braced for a bit of customer and employee confusion, as both groups grow accustomed to the new products and approved brands.

### **Communicating the Changes to Vendor Employees**

Vendors underscore that their employees' thorough understanding of WIC changes is imperative to enable them to guide WIC participants to WIC-approved offerings and ensure vendors remain compliant.

They say that **brochures and posters** illustrating changes are staples for education as they can be distributed quickly and easily, and as employees can reference materials on an as-needed basis. (ten currently use brochures and posters). **Vendors most often mention printed materials as being necessary in training their employees.**

*"...the most effective tool has to be posters that are self-explanatory, so a 16-year-old cashier would take note of, and be interested in.... Put a poster up in the break area near the time clock and they're forced to look at it every day."*

-Supermarket Assistant Treasurer, San Antonio

*"I think it would be some kind of brochure that shows the product and the exact size of the product so that our clerks and floor staff have a clear understanding of the product. The quantity, the number of ounces or the size of the package."*

-Supermarket Director of Consumer Affairs, Irving

Additionally, formal onsite training sessions, workshops, and the use of DVDs can be effective methods for some vendors, but not all. Scheduling difficulties across companies are mentioned as inhibiting training with these methods.

As a way to combat scheduling difficulties and maintain some flexibility when new employees are hired, many vendors designate a WIC "expert" at their stores who participates in formal WIC training, disseminating information to their teams afterwards.

The introduction of online training is largely accepted by vendors as a viable training method, but a lack of Internet availability, especially on the floor where the cashiers would need it, prevents some from buying in.

Regardless of method, **there is a need for materials in Spanish, as well as English**, to reach all audiences.

### **Communicating the Changes to WIC Recipients**

All vendors identify customer education as a critical step toward a smooth transition to the new WIC food package. Several respondents comment that the responsibility for training WIC participants should lie predominantly with the WIC offices or WIC partners.

*"... I don't know how good the WIC department will be as far as telling people what they can and cannot get with that. They'll have to educate them; it's not up to us to educate the customers when they come in."*

-Grocery Store owner, Victoria

*"Remember you asked me what I think the biggest problem is going to be? And I said customer education, and helping them understand what they can buy. It seems to me that if the state wants to help the customer understand what it is they can buy, then that counseling should be taking place at the clinic, before they even step foot in the store. It would be better for that responsibility to be on the state."*

-Supermarket Assistant Treasurer, San Antonio

**Brochures, handouts, catalogues, fact sheets and posters** are viewed by vendors as being the most helpful way to educate WIC recipients (as well as employees). Additionally **workshops and classes** held in WIC offices or at WIC partner agencies are seen as effective ways to educate participants about the upcoming changes. Again, several vendors emphasized the need for **bilingual materials AND classes**.

Brochures and posters with **pictures** of the items that are WIC-eligible are currently used by several vendors; some use WIC materials and others have created their own to reflect the WIC brands carried in their particular stores. The posters and brochures are sometimes placed near the checkouts, so that both the participants and the checkout cashiers can refer to them if necessary.

*"The state has their own handout that lumps all of the products together. We came up with our own that is a little bit more personalized to our store. It gives some pictures of what qualifies in our store ... So we publish the brochure that has the pictures of our items to help them better identify them on the shelf ... People are better with pictures and illustrations than words."*

-Supermarket Assistant Treasurer, San Antonio

*"...One of the things that's a priority for me and should be for most retailers throughout the state is being able to put something tangible into the customers' hands when they come into the store. Perhaps a brochure or something ... that makes it clear ... to them and clear to the cashier that they can see these are the brands that qualify, anything other than this does not. We need to keep that transaction simple and make it fast."*

-Grocery store Compliance Manager, Tyler

Vendors also champion the idea of **labeling** the WIC products, either with a WIC-provided sticker or their own label.

*"... really the best way to do that is by labeling only the least expensive brand.... By declaring the least expensive brand you only have to maintain one SKU. So it directs the customer right there and you're able to monitor and maintain the availability."*

-Supermarket Assistant Treasurer, San Antonio

*"Labeling is critical. I think it's a great tool for both the customer and the store to be able to label or highlight 'this is a WIC-approved product,' and be able to place those in front of all WIC approved product brands."*

-Grocery store Compliance Manager, Tyler

One vendor cautioned that labeling can be a “double-edged sword,” however; while he clearly sees efficiencies in helping to steer the participant to the WIC eligible food items, he also stressed that vendors need to be certain that the item they mark is the least expensive WIC-eligible brand. Otherwise the dreaded WIC auditor might catch the mistake.

Of the other possible tools mentioned to help communicate the changes to participants, the idea of a toll free number or **WIC hotline** is most popular. Vendors were mixed about the effectiveness of teaching participants via the WIC Web site; several wondered whether participants from the WIC ‘demographic’ would have easy access to the Internet. Vendors do see the utility of having a Web site for their own purposes however, to download posters and pamphlets to distribute in their stores.

While some WIC vendors currently group some WIC food brands and items together, several thought the addition of certain frozen or fresh produce would make this difficult. Others suggest that a WIC aisle might draw attention to WIC recipients who may be sensitive about their participation. For the same reason, they tend to think that announcements over the PA system are a bad idea.

### **Vendors Would Like More of a Two-Way Relationship with WIC**

Some of the vendors interviewed wished their relationship with WIC was more positive, especially in reaching a joint resolution on particular process issues. They look to WIC for coaching when issues, such as incorrect labeling, are identified by WIC auditors.

*“I would say we could get some personal training from the WIC department. Where they could be more accessible and come to the store and tell us what we’re doing wrong so we can correct those things we’re doing wrong. Sometimes they change one brand to another one and we think we’re doing things right and actually we’re doing them wrong and we try to correct them and we get penalized for it, so if we could have something set then that would be a lot easier.”*

-Grocery store owner, Eagle Pass

*“I would make it more WIC vendor friendly. Anyone at any of the WIC offices treats the WIC vendors like we’ve got a disease. They’re very arrogant; they’re very demeaning. I think they abuse their power.”*

-Grocery store President, Amarillo

Asked what they would like to change in terms of their participation in the WIC program, most vendors point to their slim profit margins and a need to contain their costs.

Competition with large retailers puts smaller stores at a competitive disadvantage when WIC bands them together to determine products, as smaller stores lack the buying power of large chains. This lack of buying power also leads to consumer confusion as the availability of goods then varies between the large and small retailers.

*“We’re a small store here and band average is the prices. They price us with the bigger stores that have more buying power. And our profit margins are nothing on WIC. I basically do it as a customer convenience. And honestly, I feel like the merchants are entitled to make a reasonable return, for at least all the paperwork involved in this. The bigger stores can buy it cheaper, and we’re just sort of caught in limbo on it. In fact if you take all your time spent processing it, you might very well be losing money on the program. It’s a bureaucratic nightmare.”*

-Grocery Store Owner, Houston

*“[T]he biggest challenge is with cost containment, and trying to stay within the maximum in the Texas WIC program in the cases where there is a big spread between the high priced and low priced items, for instance with cereal. The average allowed in the local area, not necessarily the maximums.”*

-Director of pricing, Coppell

To help control costs, one respondent suggests WIC move to private label or “store” brands as opposed to national brands.

Additionally, one vendor feels WIC can expand food offerings to acknowledge the Hispanic community that WIC serves.

*“I would like to see more items catered to the Hispanic community, for example the cheeses that are being distributed are all American style cheeses and the Hispanic community uses a completely different kind cheese and we use Hispanic cheese, which I think should be incorporated into the program.”*

-Grocery Manager, McAllen

### **EBT Seen as a Positive Way to Streamline and Prevent Mistakes**

Vendors have a favorable view of EBT, saying that it facilitates participant purchases (or will, in the case of those who do not yet have it), faster check outs and WIC reimbursements, and fewer process errors.

*“The new system with EBT allows the customer who is eligible for 24 cans to get five or six cans today, and come back a few days later and get six more cans, which makes it more helpful for the store to manage our inventory. And that’s one of the benefits of WIC EBT versus the old card.”*

-Supermarket Director of Consumer Affairs, Irving

*“Of course, EBT is going to streamline a lot of the operations. With the current program and the paper vouchers, there is too much left to error. Either taking vouchers that are expired, or writing down the wrong amount, selling the wrong product, or not being able to substantiate the person standing in front you. EBT takes a lot of the guesswork out. Although there are still issues surrounding ensuring that you are selling the least expensive brand of milk, juice, and cheese, I think that can be addressed with systems support.”*

-Supermarket Assistant Treasurer, San Antonio

Process improvements aside, the cost associated with implementation is of concern for one vendor, as WIC profit margins are slim:

*“The feedback I get from the people in the industry that have seen what’s going on and who have gone to the card, indicates that it’s really working better. Because it has to be a lot less paperwork. You don’t have to deal with the vouchers. Of course it’s going to cost us a fortune to change my front-end up. I have to spend a lot of money to make no money.”*

– Grocery Store Owner, Houston