Second Chance Food

How discount and salvage grocery stores are quietly transforming rural food access, fighting waste, and winning over bargain hunters one bent can at a time.

BY JOHN SHADOWENS UNIVERSITY OF ILLINOIS EXTENSION

There is a segment of the grocery industry that has been quietly growing for decades. In an era of increasing grocery prices and deepening food insecurity, this underappreciated corner of food retail may be poised for its breakout moment.

That sector is discount and salvage grocery. Once a fringe retail model, it is transitioning into a critical component of rural food access, waste reduction, and price stabilization in the modern American food system.

ORIGINS

Born from Surplus

The discount grocery industry traces its roots to the Great Depression, when supermarkets were spreading across the nation just as economic hardship pushed consumers to stretch every dollar. The model gained real momentum after World War II, when the U.S. government began offloading surplus goods — food included — from the machinery of wartime production.

One of the first entrepreneurs to seize the opportunity was James Read, who founded Cannery Sales in San Francisco in 1946. That business eventually became Grocery Outlet, today the largest discount grocery chain in America, which acquired rival United Grocery Outlet in 2024. The chain has grown from 128 stores in 2006 to more than 570 today, posting $4.6 billion in sales last year — up 7.3 percent year over year.

But national chains tell only part of the story. Hundreds of smaller, independently owned stores have emerged across the country, often planting roots in rural markets that have lost access to traditional grocery retailers entirely.

> ***The discount model gained momentum after WWII when sharp-eyed entrepreneurs saw a business where others saw leftovers.***

THE MERCHANDISE

What "Bent and Dent" Actually Means

Walk into a salvage grocery store and you'll encounter a rotating cast of products: mac and cheese boxes with crushed corners, candy that was involved in a truck crash, commercial-sized cans of corn that a restaurant chain overordered, cereals tied to a film that flopped at the box office.

WHY FOOD ENDS UP AT SALVAGE STORES

Slightly damaged packaging — Closeouts or discontinued products — Near or past freshness date — Production overruns — Scratched or dented cans — Label or brand changes — Seasonal or time-limited promotional items that outlived their window.

Salvage distributors buy directly from manufacturers and chain stores and are far less concerned with cosmetic perfection than their conventional counterparts. Not all products are out of date or damaged. Operators regularly find windfalls in commercial-sized products, holiday and seasonal items, test products that never made it to market, and regional items that simply didn't sell well.

The Banana Box Economy

Bananas are among the fastest-selling items in any conventional grocery store, and their empty boxes have quietly become a product pipeline within the liquidation world. Grocery stores pack excess food and general merchandise into these sturdy cardboard vessels for sale into secondary markets at a flat price per box — contents unknown.

"Could be cake mixes, might be cereal," says Daniel Miller of Hillside Discount Grocery. "But it could also be beauty products." This unpredictability keeps the inventory in a state of constant, enticing flux — the engine behind the treasure-hunt experience that defines salvage shopping.

Banana boxes—variable inventory sold at fixed pricing.

THE DRIVERS

Three Forces Fueling the Boom

1. Inflation Is Sending Shoppers Looking for Alternatives

American consumers have absorbed a nearly 25 percent increase in food-at-home prices since the COVID-19 pandemic began in 2020. According to the USDA Economic Research Service, food-at-home prices grew 9.9 percent in 2020, 5.8 percent in 2023, 2.3 percent in 2024, and another 3.1 percent in 2025. Meat and eggs have swung even more dramatically.

Salvage grocery offers a striking alternative. Name-brand cereal retailing near six dollars at a supermarket can sell for $2.49 at a discount store. A seven-dollar jar of peanut butter goes for under three. Discounts of up to 70 percent off original retail price are not uncommon.

> ***"With across-the-board inflation in most areas of cost-of-living, consumers are beginning to think differently about how important packaging and 'best if used by' dates are to them."***

2. Rural Communities Are Running Out of Options

Beyond price, salvage grocery's growth is closely tied to structural gaps in food access. The 2021 Illinois Food Desert Report found that approximately 3.29 million Illinoisans — nearly one in four residents — lived in communities without access to fresh food. Food deserts form when communities lose not only their chain grocery stores, but also their last small independent retailer.

Dollar stores fill some of these gaps, but often lack nutrient-dense staples like fresh produce and lean proteins. Salvage stores tend to be more flexible — unencumbered by the rigid inventory systems that govern larger retailers.

3. Wasted Food Is a Growing Crisis

A 2020 study from William & Mary's Department of Kinesiology & Health Sciences found that the average American wastes roughly $1,300 a year — more than $100 per month — on food that never gets eaten. According to the U.S. Environmental Protection Agency, food is the single largest category of material disposed of in U.S. municipal landfills, accounting for 24 percent of solid waste. Decomposing food emits methane, and landfills are the third-largest source of human-related methane emissions in the country. Salvage grocery stores represent a product's last commercial chance before the landfill.

A NOTE ON FOOD SAFETY

Except for infant formula, the dates on food in the United States are entirely unregulated. The "best by" or "sell by" date is set by the manufacturer to indicate peak flavor — not safety. Salvage grocery operators are subject to the same storage, refrigeration, and food-handling rules as conventional grocery stores. Stores may not sell leaking or open containers.

CASE STUDY

Hillside Discount Grocery: "We Don't Mind Doing It the Old Way"

A couple of miles south of Campbell Hill, Illinois, you'll find a large, pole barn store with no website, no social media, no advertising budget, no point-of-sale system, and not a single computer on the premises. The store recently completed an expansion that doubled its sales floor and warehouse capacity.

This is Hillside Discount Grocery, operated by Amish businessman John Miller and his family. The store recently celebrated its tenth year with its annual "Donut Days" event — essentially the only outreach the Millers do — which draws thousands of visitors from across the region for a weekend of homemade donuts.

The Miller family does everything by hand. They built the store themselves. They ring up sales by the price tag instead of a barcode. They sort through hundreds of faxed opportunity-buy offers each week and manage their entire inventory by hand count.

> ***"For us it isn't about efficiency. We don't mind doing it like it's been done for the last 100 years. It is a way of life."*** — John Miller

John Miller came to retail with no experience — he had spent his life as a dairy farmer. After moving to Illinois, he was inspired by a cousin's similar operation in Michigan and reached out through the Amish discount grocery network: a community of operators who share hard-won knowledge on everything from store design and merchandising to ordering and supplier relationships.

"In business, its often not what you know but who you know" says John about his support network. "We asked around the other stores, showed them our plans and they pointed out a lot things that helped. From design to merchandising and ordering, we learned a great deal from others." John's

son Daniel offered the best advice they got when building the store was “leave plenty of room to expand.”

The Treasure Hunt

“We get a lot of odd stuff because of promotional flavors and whatnot,” says Daniel Miller. “We get loads from all over the country, from different cultures, different types of flavors. People will find things here they won’t find anywhere else in southern Illinois.”

That ever-changing inventory is both the store’s greatest draw and occasional frustration. Loyal shoppers have come to appreciate the model though. Many see it as a treasure hunt experience, but with value. Customer just have to come to terms with the reality that their favorite item might not be on the shelves right now.

Freshness and food safety is a priority at Hillside. The Millers regularly pull items from the shelf to taste-test them personally — not just for safety, but for flavor.

> ***“An expiration date is only a projected freshness date. We had a customer call the manufacturer about a can she bought here. They told her it was safe for another five years. Five years of something that might have just been thrown in the trash.”*** — John Miller

CASE STUDY

Little Giant Grocery: The Hybrid That Took on Walmart

One of Hillside’s primary suppliers is Kingery & Associates, a mid-sized salvage distributor based in Carmi, Illinois, founded in 1993 by Ron Kingery — a born salesman who grew up poor, sold shoe polish door-to-door as a child, and went on to break sales records selling vacuum cleaners on his very first week on the job.

Ron’s entry into salvage came through a moment of accidental discovery: a refrigerated truck carrying chocolate was stolen, eventually recovered with the refrigeration failed and the chocolate beginning to melt. A food broker mentioned calling “a salvager.” Ron didn’t know what that meant — but he looked into it and saw an industry.

He started with a one-room office, a fax machine, and a telephone in 1993. By 1997, business had grown enough to build the warehouse and office complex that still houses Kingery & Associates today.

The David and Goliath Moment

In 2000, Ron opened the Little Giant Grocery store next door to the warehouse — named for the oversized refurbished "Big John" statue out front, a nostalgic nod to the grocery chain that once dominated southern Illinois. When Walmart announced in 2002 it would open a supercenter directly across the street, Ron didn't retreat. He expanded, adding freezers, coolers, a full deli, and a meat shop to create a hybrid model: reliable branded staples alongside aggressively priced salvage finds, marked with neon-colored price tags.

> ***"Ron Kingery knew he had advantages Walmart didn't: the friendliest staff you'll find anywhere, and prices on hundreds of items that the world's biggest retailer simply couldn't match.***

The model has proven durable. Last year, Little Giant acquired a struggling grocery store in nearby McLeansboro, Illinois, implementing the same hybrid format. Both stores are performing well.

Passing the Torch

Ron Kingery passed away in 2025. His son Brian — a former law enforcement officer who joined the business after an on-the-job injury — now runs operations alongside his teenage son, whom Brian describes as a natural salesman who sounds, on the phone, like a young version of both his father and his grandfather.

"All day long I am calculating," Brian says. "Just while we've been sitting here doing this interview, I have had bid opportunities for chili and soup loads. Now, it would be much better if I can buy them in September for the fall and winter demand, but they probably won't be available then. So, now I have to figure out how to store them and how far out from the best buy date they will be when the demand hits to be able to market them to my stores. It is seldom ideal timing on anything."

Little Giant is a hybrid store with traditional grocery stock and discount/salvage buys marked with neon-colored tags.

The warehouse is undergoing an expansion of an additional 6,000 square feet to create more room for staging and grouping orders. The business grew more quickly than expected and stock supplies overwhelmed their organization system. Currently, things are so tight in the warehouse, they regularly have orders for items that are buried behind stacks of pallets or are in the middle of an unloaded trailer. The new space will allow us to group similar goods together and assemble orders more efficiently.

While Hillside represents a low-tech, community-centered model, Kingery illustrates a hybrid wholesale-retail system capable of scaling.

OUTLOOK

From the Margins to the Mainstream

The discount and salvage grocery sector is growing across every scale — from national chains to hand-built stores in rural Illinois. As food inflation, rural food access gaps, and food waste concerns continue to intensify, salvage grocery is increasingly positioned not as a curiosity or last resort, but as a structurally important piece of the American food system.

For policymakers, the implications are broad: this sector warrants consideration in food access initiatives, waste reduction programs, and rural economic development strategies. For food manufacturers and conventional retailers, it represents an established channel for recovering value from products that would otherwise be total write-offs.

And for the millions of Americans facing food insecurity, the growth of discount and salvage grocery — whether through national chains or community-rooted independent operators — represents something more fundamental: access.

> ***"Food that gets a second chance through these channels is ultimately a win-win for everybody."*** — Daniel Miller, Hillside Discount Grocery