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Where Do WIC Participants Redeem Their Food Benefits? An Analysis of WIC Food Dollar Redemption Patterns by Store Type

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What Is the Issue?

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides participants with supplemental food packages via one or more food delivery systems, which include retail food stores, direct distribution centers, and home food delivery contractors. Prior to this study, little was known regarding what food delivery systems are used where, the types of retail food stores that are authorized by WIC State agencies, or where participants redeem their food benefits. In particular, because WIC benefits specify amounts of each WIC food regardless of the price charged, participants who purchase their WIC foods at retail stores may have little incentive to shop at large stores with lower prices, which could affect WIC program costs.

The 2009 introduction of a fixed-dollar cash-value voucher (CVV) for the purchase of fruits and vegetables may have increased WIC participants' price sensitivity and the share of WIC retail dollar redemptions at large stores, which tend to have lower prices and a larger selection of fruits and vegetables. This report examines the distribution of WIC store types and dollar redemptions at the national and State level and compares the share of WIC versus SNAP retail dollar redemptions at large retail food stores in FY 2012 as a rough measure of WIC participants' price sensitivity. The report also compares the WIC share of retail dollar redemptions at large retail food stores in FY 2008 and FY 2012 to see whether the CVVs changed WIC participants' price sensitivity.

What Did the Study Find?

Retail food vendors (versus home delivery, direct distribution, or pharmacies that are authorized to redeem only infant formula or medical foods) accounted for 97 percent of all WIC dollar redemptions in FY 2012. Despite the lack of a program incentive to shop for the lowest prices and stretch benefits, 77 percent of WIC retail dollar benefits were redeemed at large stores (super stores, supermarkets, and large grocery stores) with lower food prices. (This compares with 84 percent of SNAP retail dollars.) WIC participants' affinity for large, less costly stores may be influenced by the fact that a majority (63 percent) of WIC vendors are large stores and that participants often redeem their WIC benefits at the same stores where they do their usual shopping.

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Between FY 2008 and FY 2012, the share of WIC retail dollar redemptions at large stores declined slightly. However, the share of redemptions at super stores, which tend to be larger and have lower prices than other large stores, grew by 23 percent, and comprised 42 percent of WIC redemptions in FY 2012. While the introduction of cash vouchers may have prompted WIC participants to shop at super stores, it is difficult to disentangle changes in price sensitivity from other factors affecting household shopping behavior, such as overall market trends (toward larger food stores) and the increased share of super stores among WIC-authorized retail stores.

Other findings include:

- WIC State agencies authorized a total of 48,230 unique vendors in FY 2012, including 3,621 nonretail vendors such as direct distribution centers, home food delivery contractors, and pharmacies (which are only authorized to redeem infant formula and WIC-eligible medical foods).
- Ninety-eight percent of WIC retail vendors were also authorized by SNAP, which makes it possible for many WIC recipients to redeem their WIC and SNAP benefits at the same retail outlet.
- Large stores comprised a much larger share of WIC than SNAP retail vendors (63 percent of WIC retail vendors were large stores whereas only 17 percent of SNAP retail vendors were large stores) in FY 2012, which is likely a major factor in the large share of WIC redemptions at large stores.
- The distribution of WIC retail vendors and dollar redemptions across store types differs considerably by State. For example, large stores accounted for as little as 30 percent of WIC retail vendors (Rhode Island) and as many as 98 percent (Nevada). Likewise, large stores captured as little as 50 percent of WIC retail redemptions (California) and as much as 99 percent (Nevada). These differences are likely explained by State differences in urbanization or in WIC State policy and could contribute to State-level differences in WIC food costs.

How Was the Study Conducted?

The study used data collected for The Integrity Profile (TIP) report on dollar redemptions at different types of WIC vendors in FY 2008 and FY 2012. The WIC TIP data classify most stores as “regular retail” but provide no additional information on type (supermarket, large grocery store, or convenience store). Since most WIC-authorized stores are also authorized for SNAP, we merged the WIC TIP data with data from the Store Tracking and Redemption Subsystem (STARS) on SNAP-authorized stores, which then made it possible to use the more detailed STARS categories such as super stores; supermarkets; small, medium, and large grocery stores; and convenience stores; in addition to TIP-specific categories such as WIC-only stores and direct distribution centers.