

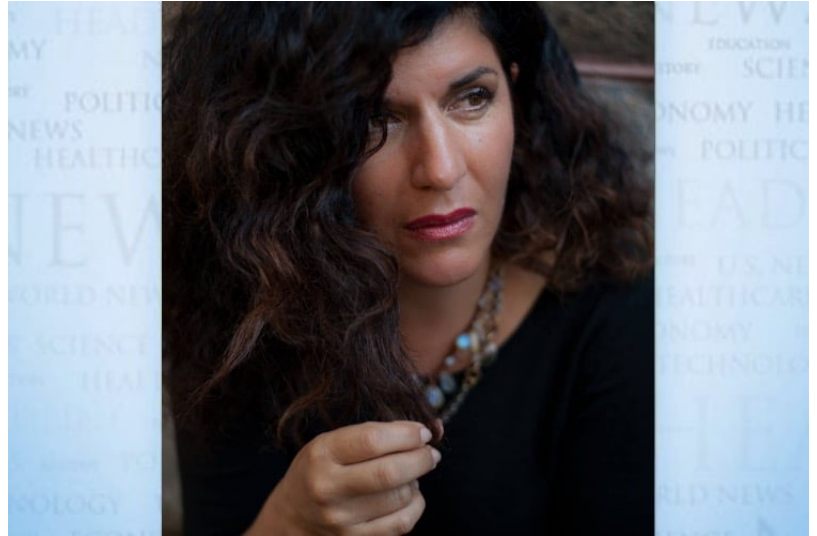


Written by [Salena Zito](#) on June 4, 2024

Inflation's Silent Impact on American Family Businesses

MURRYSVILLE, Pennsylvania — Seventy years after the Ferri family moved its grocery store from Turtle Creek to this Westmoreland County town, the family is calling it quits. The pressures of inflation and the unexpected closing of the Mainline Pharmacy, the independent pharmaceutical located inside their iconic structure, were the final two straws.

The beloved family grocery posted a note on Facebook announcing the end-of-May closing “with a heavy heart” after serving as “a corner stone of our community and ... fostering connections that have spanned generations.”



Salena Zito

In February, Mainline Pharmacy, a small independent local pharmacy with 11 locations in small towns across western Pennsylvania, had abruptly closed up shop. The cheery red, white and blue pharmacies dotted small towns such as Harrison City and Level Green, with most of its employees clocking in for 20-plus years. The pharmacy owners said the plummeting rates of payment from pharmacy benefit managers too often reimburse pharmacies demonstratively less than the cost of medications.

A PBM is a third-party entity that serves as a middleman between insurance providers and the manufacturers who make the drugs.

According to a post on Mainline's Facebook page, the pharmacy said it lost more than \$350,000 on 17,500 prescriptions filled since January because of the low reimbursements, saying it made staying in business unsustainable.

Ferri's general manager, Gary Silvestri, said loss of rent and traffic from the pharmacy had a significant impact, as it was 20% of their business. That, along with the relentlessness of the current inflationary costs on food for both the store and the customers, “made staying in business untenable,” he said.

The economic pressure for a community grocery store that has a Target located a couple of miles to its east, a Walmart a few miles to its west and two other big-box local grocery stores within a half mile of its business had always squeezed them anyway. Big-box stores have an advantage over independent grocers because of their buying power, giving them an advantage to lower prices over the mom-and-pop grocers. In an era where inflationary costs are causing consumers to look for bargains anywhere they can to stay within budget, loyalty to a local store suffers.

Silvestri says as much as a customer wants to stay loyal, it's hard: “At some point, that pressure to watch your wallet becomes a decision as to where you shop.”

Jeff Hastings of Wholesale Central, the leading publisher of content for the wholesale merchandise industry, wrote that ever since the dawn of the big-box store in 1962, the year Walmart, Kmart and Target all opened their doors, small local businesses — from hardware stores to clothing and shoe stores to pharmacies and groceries — have struggled to compete.



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He cited as an example what happened on Chicago's West Side in 2006 when Walmart moved into the neighborhood. Like dominoes, 82 local stores went out of business, costing an estimated 300 retail jobs lost in neighboring zip codes.

A Jan. 2023 Department of Agriculture report shows the percentage of grocery sales from the nation's top 20 retail stores doubled from 1990 to 2020, while the share of food retail spending at traditional independent supermarkets dropped from 80% in 1990 to 62% in 2012.

While small businesses are the heart of the American workforce, their failure rate is intimidating. More than half fail within the first five years.

Ferri's wasn't part of that half for 70 years. For a family business to go beyond the second generation, let alone the third, is incredibly rare. Along the way, they have employed thousands of young people in the neighborhood, many of whom were walking into the store this week to say goodbye.

Other workers have been there for decades, and the tears from them, along with the young people and the customers who walked up and down the now-empty aisles once filled with canned goods, diapers and a hundred different varieties, were real and heartfelt.

Silvestri, 68, who started working there as a teenager stacking groceries, unloading trucks and sweeping floors, has been at the store now for the last 51 years, even working here when he was attending college at Penn State at the local New Kensington campus.

Leaving, he said, isn't just leaving a building; it is leaving a family.

"It is hard; I see parents walk in with their grandkids, and I can remember them coming here with their own parents 50 years ago," he said.

According to the Small Business Association, there are more than 33 million small businesses across the country that employ more than 60 million people. They are a valuable driver of the economy but have felt the unprecedented changes in the American economy more than any other sector, mostly in wages, lack of employees, and, as one cashier said who has been here for decades, "inflation, inflation, inflation."

When they close, the loss is more profound than people understand. There would not have been tears this past week if the people of Ferri's hadn't touched their lives in some small yet significant way.

The hardware store located in the basement of Ferri's building is set to stay open, Silvestri said, adding they are hopeful another independent grocer might come in and have a go at it.

"We shall see," he said. "Our closing is certainly going to have an impact."

Salena Zito is a CNN political analyst, and a staff reporter and columnist for the Washington Examiner. She reaches the Everyman and Everywoman through shoe-leather journalism, traveling from Main Street to the beltway and all places in between. To find out more about Salena and read her past columns, please visit the Creators Syndicate webpage at www.creators.com.

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