BRINGING THE FRESH GROCER TO NORTH PHILADELPHIA

INTRODUCTION

Temple University and the surrounding area have struggled with the fact that it is hard to obtain fresh food. The limited amount of grocery stores in Philadelphia, specifically North Philadelphia near Temple University’s campus, has created the need for more options. There is nothing resembling the selection that a grocery store could provide close by for students and local residents. Bringing a supermarket to the area could be beneficial to the community in more ways than one. Improving the economy, the prosperity of the area, the health, and the happiness of residents are just some of the reasons why a supermarket would be valuable.

The purpose of this report is to show how much there is a need for fresh food options in the area. The Fresh Grocer is a supermarket that targets urban markets. The urbanites don’t need another convenience store. They need an option where they could buy fresh meats and produce. This study will evaluate the need of the community and also the effectiveness a medium-sized grocery store like The Fresh Grocer could bring to the area. Variables such as budget, location, and effectiveness in similar areas are covered. The Fresh Grocer has been successful in other comparable areas, which make them a prime candidate for North Philadelphia, specifically Progress Plaza.

In preparing this report, there were many sources included to evaluate the need of the current market. Many periodical articles have been written about the success on the Fresh Grocer. There are also reports that have been written on the lack of supermarkets in Philadelphia as a whole, along with reports that focus on the results of the community, when there is no
convenient way of getting what they need. Surveys were also passed out to Temple students, questioning their habits and needs.

**HISTORY**

The Fresh Grocer

The Fresh Grocer is a supermarket chain that was owned by Michael Rinnier and his partner, Pat Burns. In late 2006, however, Rinnier passed away, leaving the stores to Burns. Rinnier had been running food businesses since the age of 24. In 1976, he opened his two supermarkets in the Philadelphia vicinity. Rinnier and Burns became partners in 1987, and their first jobs consisted of running the beverage and food services at two country clubs. Together, they have been starting up Fresh Grocer in urban areas. Their most successful store is the Fresh Grocer at 40th and Walnut, serving University of Pennsylvania students. In 2003, Burns and Rinnier had shown their success through 20 million dollars revenue in sales in one year at that location. Fresh Grocer is a successful grocery store, and has the potential to do very well in new areas. (Morrison)

**Progress Plaza**

The proposed location for Fresh Grocer would be in Progress Plaza on Broad and Oxford. It was founded in the 1960’s by Rev. Leon Sullivan. This center is run-down, and on the verge of totally falling apart. A grocery store could help revitalize the area. This location could serve students, as well as the residents in the area of Yorktown and surrounding areas. Refer to Figure 1 to see the exact spot this supermarket is being proposed to be located. This area is considered Yorktown. The location is convenient for people who want to walk to it, since that would be the
typical customer, but also since it is located near the Cecil B. Moore subway stop. Convenience is key in urban settings.

There was a SuperFresh that closed there in 1998. This SuperFresh was only 18,000 sq. ft. Most successful supermarkets need closer to 50,000 sq. ft. This lot could provide the needed space, with some changes to the current layout.

IDENTIFYING THE NEEDS OF THE COMMUNITY

According to surveys that were passed out to 30 Temple University students, it is evident that they want a supermarket in the area. As shown through the survey, on page 12, it is clear that students want a way to buy fresh food. When asked, “Do you think it is easy for students and residents in this area (Temple Main Campus/ North Philadelphia) to get groceries?” Only 9 said yes, but 21 out of 30 said no. (Colao) As shown in Figure 3, in the proposed location for Fresh Grocer, there is low sales and low income. Shopping at convenience stores and pharmacies for groceries does not help with low incomes. The majority do not have a car as well, and only 12 students have a car that they can use, and need to have an accessible place within walking distance. Specifically put into a pie chart, Figure 2 shows the opinion of 30 students that would rather have a supermarket put in than any other store.

What Residents are relying on

There have been more and more convenience stores, Rite Aids, CVS’s, and Eckerd’s being built. These stores don’t have the space restrictions a supermarket would. Philadelphia has the second-lowest number of supermarkets per capita of any major city in the nation. (The Food Trust)
Supermarket Business Magazine conducted a poll in 1998, which found that African Americans are more likely to shop at convenience stores.” (Brown, 2) The result of this, means more money being spent at these stores, while obtaining food that is unhealthy. According to a “Philabundance” study that was conducted last month:

“For the top five supermarket chains, there are [only] six supermarket locations in the area of North Philadelphia from Spring Garden Street to Cheltenham Avenue and between Front and 33rd streets.” Also, “In that same area, there are 21 Rite Aids and 32 of the top five fast-food restaurants.” (Ludwig)

As a result of this, the residents are turning to these pharmacies and fast-food restaurants to fulfill their hunger.

Fresh Grocer Can Cater to Community Needs

As an example of catering to needs, co-owner of The Fresh Grocer, Pat Burns said, “The customers we serve like to cook and appreciate wholesome foods, plenty of produce a huge selection of fish, and fresh meat cut on the premises.”

In an interview that was conducted by the Philadelphia Inquirer, Burns said "We try to understand the ethnic and religious background of each area." (Morrison) Having room to change around what the community wants is a factor that a community like North Philadelphia/Temple University needs.

“Michael F. Rinnier and his partner, Patrick J. Burns, built their successful chain of groceries in Philadelphia and the suburbs by finding out beforehand what kinds of foods the folk they were going to serve favored.” (Morrison)
LACK OF URBAN GROCERY AND EFFECTS

There are certain reasons why predominately black communities are lacking retail and grocery stores. A major reason is crime. Philadelphia, however, has had a significant decrease in crime in the past decade, and retailers are often looking at outdated statistical information. (The Food Trust) Other reasons include: Trouble with finding land, higher costs for demolition and cleanup, “…local politics, negative reactions to commercial development, environmental concerns, and the need for specialized marketing strategies.” (Brown, 2)

Pat Burns referenced to security at UPenn and said, “We have a very sophisticated security system with monitors that customers see when they walk in the store. It makes them feel safe, and it also serves as a deterrent for people who don’t want to do the right thing.” (McTaggart, 2)

Health

Health is a major issue with the North Philadelphia/Temple University area. Students have an alternative option for meal plans with the school if there is not other way for them to eat, but residents don’t have an easily accessible way to get fresh and healthy foods. Bringing a supermarket to the area could significantly lead to better health. The United States Department of Agriculture (USDA) reports that:

"A disproportionate number of diet-related disease is borne by minority, low-income and educationally disadvantaged persons [with] such populations having higher rates of high blood pressure, stroke and diabetes mellitus than the general population." (Ludwig)
According to the Philadelphia Health Management Health Data Resource Center, 10.5 percent of adults in Lower North Philadelphia “suffer from diabetes, while more than 30 percent of adults in each of these regions suffer from high blood pressure.” (Ludwig)

SUCCESS AT OTHER UNIVERSITIES

La Salle University

Located in Northwest Philadelphia, this university is comparable to Temple University. La Salle was also without a grocery option, but for 40 years. Their student population has increased over the years, just like Temple. Ken Scott, president of Beech Corp. said, “About 1,000 houses have been built in the area in the last decade and Temple University student housing also grew in that period.” This is very true because Temple used to be a commuter school, but now has many more students living on campus. La Salle’s Fresh Grocer received $4 million just from the Pennsylvania Fresh Food Financing Initiative to help fund the $15 million project. (Clark)

Donna Reed Miller of the Philadelphia City Council and State Representative Dwight Evans both feel like their 75,000 sq. ft. Fresh Grocer has been a positive experience. Miller said that the store, "…helps with neighborhood stability and economic prosperity of this neighborhood.” Evans said, “…the store here is a cooperative effort that will help improve quality of life in the neighborhood.” (Clark)

University of Pennsylvania

In the 1990’s, the area of UPenn was starting to become run-down near 40th Street. In May 2001, the University of Pennsylvania’s Fresh Grocer, located at 40th and Walnut came to help with their lack of food options. Owner, Pat Burns said, “The city approached us because they were
redeveloping in the area. When we started doing market research, we became very interested. We were kind of surprised at the lack of supermarkets in West Philadelphia.” (McTaggart, 2) This Fresh Grocer was the first one to be built. According to the University of Pennsylvania’s website, the Fresh Grocer fulfilled, “what local residents themselves said was one of University City’s greatest needs – a new, high quality supermarket.”

This Fresh Grocer is smaller than La Salle’s at 32,000 sq. ft. The new Fresh Grocer in North Philadelphia would be close to 50,000 sq. ft, right in between the sizes that these universities have. Since Fresh Grocer caters to the communities needs, the one here provides “fresh produce, meats and seafood, prepared gourmet foods ranging from brick oven pizza to fresh sushi, as well as everyday grocery items.”(UPenn) They are open 24 hours all seven days, and they store provides an indoor café with sidewalk seating. A key aspect of this Fresh Grocer is that there is an 800-car parking garage that is built on the roof of the store. A design like this could be beneficial in the Fresh Grocer that would be in Progress Plaza.

“As a result, the Fresh Grocer is a key success story of the West Philadelphia Initiatives, keeping economic activity in the neighborhood while acting as a meeting place where the community and University come together.” (UPenn) In Temple’s similar case, the economy can grow, and keep the community together. It is likely to be a success when compared to similar circumstances.

BUDGET/FINANCIAL

The Fresh Food Financing Initiative was established for Pennsylvania in 2004, “to provide retailers financial aid in offsetting initial capital costs that come with being in underserved
areas.” (McTaggart, 2) The location that the new Fresh Grocer would be in is very likely to be approved by the Fresh Food Financing Initiative. If it does get approved, Fresh Grocer wouldn’t need a lot of other funding to get started. This is why this program is so positive.

The Pennsylvania Fresh Food Financing Initiative is made up of the Food Trust, the Greater Philadelphia Urban Affairs Coalition, and the Reinvestment Fund. “Together the groups have created a pool of $80 million for retailers looking to open in underserved areas.” (Marter)

The Food Trust is a group that endorses diets that are healthier. The Reinvestment Fund, helps to collect money for communities. The group as a whole can sometimes grant millions of dollars in loans to supermarkets who want to develop in urban and run-down areas. (Eckholm)

The Food Trust believes that every part of the city of Philadelphia can bring in profit through sales. According to The Food Trust’s Report, “All areas of the city possess between $70 million and $730 million of buying power per square mile, making them strong candidates for retail development compared to suburban districts with lower population density.” (The Food Trust, 6)

MARKETING

Fresh Grocer’s Strategy

The Fresh Grocer, a successful chain of grocery stores could provide what the community needs. The chains in Philadelphia have been built to specifically cater each store to specific community needs. (Morrison) The way that Fresh Grocer can narrow their audience down and cater to them has been a successful strategy in the past. Fresh Grocer also has a website that can be used to order food and then pick it up. Weekly specials and paper-ads would be sent to registered customers to encourage more buying.
Target Audience

The target audience to market to are students the attend Temple University, and residents over age 25 in the area. These are two very different markets, so some creativity must be incorporated to market to these groups. An easy way to get through to this type of market would be to pass out flyers announcing the opening date, and what is to be offered. Word of mouth advertising would be a big part of the strategy. When one person goes to the store, or hears about it, they tell someone they know, and it goes in a chain. Large amounts of money wouldn’t be necessary to spend to get the word out that a supermarket was coming the North Philadelphia.

Competition

There would be some competition, but it probably would not have a great effect on a new supermarket. The majority of the customers are going to local, and they can walk to this supermarket. However, the other customers can easily access this point since it is near a subway stop.

Primary Competition:

• Pathmark (2900 N Broad St.)

Secondary Competition

• 7-11/Privately Owned Corner Markets
• Whole Foods (2001 Pennsylvania Ave)
• Whole Foods (929 South St.)
• SuperFresh (1001 South St.)
• Reading Terminal Market (12th and Filbert)
CONCLUSION

Possible Problems
Burns did not open his UPenn Fresh Grocer on time because of “…a poorly installed floor, a faulty climate control system and problems with the conveyer belt designed to transport shoppers' groceries to their cars.” (Parpia, 1) These problems were minor compared to labor and material shortages. This problem took almost a year to resolve. As a result, people in the community can become frustrated and have a negative outlook on the store. A new Fresh Grocer in North Philadelphia could face these challenges as well, if everything is not planned out right.

Higher Prices
A Fresh Grocer coming to the area may bring a pricier tag to the food than a SuperFresh in the suburbs might. From Progress Plaza, to a half a mile radius around it, 39 percent of people live below the poverty line. This rate is at least twice the rate for Philadelphia as a whole. (Eckholm) However, even though the income of the residents is lower than average, being able to buy foods on a regular basis, and not having to go in and out of convenience stores, may prove to outweigh the pricier groceries. Also, driving and public transportation to other areas to buy food can be a cost factor too. If residents only have to walk to the supermarket, they may make out even, or better financially regarding food.

Recommendations
This plan proposes a 55,000 sq. ft. area in Progress Plaza for a Fresh Grocer and parking deck on top. By 2009, this supermarket should be built. The new Fresh Grocer would fit the need since
they can cater to the community and they have experience working in urban areas since 2001. Progress Plaza would be renovated, benefiting the surrounding area. Students and residents have a way to easily obtain fresh food. Health statistics, economy, and the community as a whole would ideally improve.
Summarized Survey Results for Temple Students
Living On Campus or Close to Campus

1. Do you think it is easy for students and residents in this area (Temple Main Campus/ North Philadelphia) to get groceries?
   Yes: 9/30 No: 21/30

2. If there were a grocery store within walking distance, would you shop there?
   Yes: 27/30 No 3/30

3. Do you have a car that you can use to get groceries?
   Yes: 12/30 No: 18/20

4. About how many times a week do you typically go to a convenience store to buy anything except cigarettes? (Ex: 7-11)?

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5. Check any store within 15 miles that you have gone to, from where you currently live while attending school, to get fresh food:

   Reading Terminal Market
   Superfresh _____
   Whole Foods _____
   Trader Joe’s _____
   Pathmark _____
   Shop Rite _____
   Any supermarket more than 15 miles away _____

   These stores were checked off ___ amount of times:
   Superfresh: 10
   Whole Foods: 7
   Trader Joe’s: 2
Pathmark: 15  
Shop Rite: 3  
Any supermarket more than 15 miles away: 9

6. What description best fits you:
   a. I like to cook and occasionally eat out
   b. I like to buy prepared food instead of cook
   c. I like to eat out almost every meal
   d. I like to use my meal plan
   e. I don’t care what I eat I just eat whatever is around
   f. Undecided/Other

   a:  6  
   b:  8  
   c:  5  
   d:  8  
   e:  2  
   f:  1

7. What kind of place would appeal to you more while living in this area?
   A grocery store: 19/30
   Another restaurant: 5/30
   Another convenience store: 6/30
APPENDIX

Figure 1- Exact Location of Proposed Fresh Grocer
Source: Colao

Figure 2- Survey Results for Appealing store Pie Chart
What kind of place would appeal to you more while living in this area?
Source: Colao, Lauren. “Survey For Temple Students Living on or Close to Campus.” Survey. 19 Nov. 2007.
Figure 3- Supermarket Sales and Income
WORKS CITED


Colao, Lauren. “Survey For Temple Students Living on or Close to Campus.” Survey. 19 Nov. 2007.


