



Food Marketing Task Force

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On July 19, 2002, Food Trust staff met with the Pennsylvania Food Merchants Association to discuss the barriers faced by supermarkets in locating in Philadelphia. Present at the meeting were Dave McCorkle and Tom Cerino of the Pennsylvania Food Merchants Association, along with Walt Rubel, Director of Government and Community Affairs at Acme, Jack Clemens, President of Clemens Family Markets, Vince Anderson, Chairman of Wawa, Inc., Rich Savner, Director of Public Affairs and Government Relations for Pathmark, Rich McMenamin, Owner of ShopRite, and Murray Battleman, Owner of Shop N Bag. They discussed the factors that go into decisions about whether or not to locate in the city, and where to locate within the city, how incentives can affect the decision, and what supermarkets need in terms of location, support, the development process, and profit. There was agreement that many supermarkets are interested and actively seeking investment opportunities in the city because they see the potential business, and that there are many obstacles in the development process that make these investments difficult.

Discussion

One of the main points of the discussion was that supermarkets need to see the potential for profit before moving into an inner city location, and then need to see that potential realized in order to stay and run a successful supermarket. When considering the profit potential, supermarket companies look at the type of items that sell in a particular demographic based on consumers' needs, income level, and transaction size, the potential for high volume versus a profitable product mix, the size of the store (bigger sites are more appealing), the cost of labor (which is affected by the city wage tax), and the surrounding neighborhood, which needs to consist of densely populated housing where incomes are low.

Supermarket companies look at incentives such as tax abatements, direct cash grants, and others associated with Empowerment Zones. However, sometimes the best locations are just outside the Empowerment Zone or even farther out of the inner city. When locating outside those areas, supermarkets look for under-served areas, transportation corridors, as well as the package of incentives that the City offers. Community support is important, and while CDCs are often looked to as allies in supermarket development, CDCs do not always offer positive support, which hinders the development process. When locating in an inner city area, supermarkets need support from CDCs, residents and the politicians who represent them.

The City can play a key role. Getting stores built in the city can take a long time to move through zoning, licensing, and the planning process. Supermarkets need a fast track process in which they can submit plans and be ready to go "in six weeks." Offering sites quickly and cheaply would give the industry a reason to locate in the city. Finally, the incentives offered to supermarket companies need to be strategic and relevant – low-interest loans don't mean much to large chains, which need tax abatements and direct cash grants as incentives.