



Brown's Super Stores

Strategies for Success

Urban Communities

General Observations

- Depth and Breadth of Poverty
- Community Challenges
 - Violence, Health Care, High School Dropout Rates, Incarceration, Ethnic Conflict, Unemployment
- Challenges impact on Grocer's Revenues, Margins and Cost Structure
- High Failure Rates

Brown's Urban Store Growth

- 1988: Brown's opened its first store as a new ShopRite member operating in Philadelphia
- 1995: Acquisition of closed Brooklawn, NJ (low income Caucasian population, close proximity to Gloucester City and Southern Camden, NJ)
- 2000: Acquisition of Cheltenham, PA ShopRite (African American population, close proximity to North Philadelphia)
- 2001: Acquisition of East Norriton, PA (significant low income Hispanic and African American population, close proximity to Norristown, PA)
- 2004: First Food Trust meeting with grocery industry, Government and non-profits to collaborate on improving the food desert problems in PA
- 2004: Representative Dwight Evans obtained appropriation of \$10 Million for FFFI
- 2004: **1st FFFI Store** - Acquisition of closed Island Avenue store, Southwest Philadelphia, PA (low income African American population)
- 2005: Acquisition of Haverford and Oregon Ave stores in West and South Philadelphia, PA (primarily low income African American population)
- 2008: Opening of new Parkside Store in West Philadelphia, PA store (low income African American population)

Engineering Likelihood of Success

- An average inner city location typically experiences a higher cost structure and lower gross margins, resulting in a gap of approximately 5% of sales.
- Its an absolute necessity that a proposed new inner city store have a proforma P&L that is sustainable!
- Tools that are NOT recommended to fill gaps are Higher Pricing, Lower Wages, Reduced Store Standards.

Engineering Likelihood of Success

Tools that make sense to fill gaps:

- Reduced Rent
- Reduced Store Capital Requirements/Debt Service
- Training and Employment Public Incentives
 - Limited availability of prospective employees with experience and/or life skills.
 - Grocery jobs generally do not qualify for traditional governmental programs, this should be changed

Financing Urban Stores

There is usually no one solution. It takes a variety of different programs at Federal, State and local levels of government, and often nonprofit assistance, combined with commercial financing:

- New Markets Tax Credits
- Grants
- TIF
- PILOT
- FFFI
- Other

Brown's Way

- Mission: “Bring joy to the lives of the people we serve.”
- Triple Bottom Line Leadership Mentality
- Community Responsibility and Involvement with Store Operations, Merchandising, HR and LP
- Store Level Flexibility and Community Based Customization
- Training and Development
- Store Design/Equipment

Our Future Plans

- Brown's Super Stores
 - Focus on continued innovation and expansion of our urban stores
- The creation of Uplift Solutions (501c3 public nonprofit):
 - Develop nonprofit team to fill the missing expertise to promote national solution to food desert problem
 - Collaborate through Governments, Nonprofits and Supermarket Businesses to insure everybody has access to fresh food at reasonable prices