



**EMERGING
MARKETS, INC.**

CONNECTING REGIONAL ECONOMIES
WITH LOW-INCOME NEIGHBORHOODS

Content: Supermarkets

What is Emerging Markets, Inc.?

EMERGING MARKETS, INC. is a consulting firm that assists national supermarkets, wholesale clubs, warehouse chains, independent grocers, and other food retailers as they pursue business opportunities in low-income geographic areas of Los Angeles.

Its team of researchers, economists, marketing experts, grassroots organizers, and organizational development specialists maintains an in-depth familiarity with underserved communities throughout Los Angeles and is grounded in decades of working with them.

What is an emerging market?

Until recently, the term “emerging markets” has been used mainly to refer to third world economies in Asia, Africa, and Latin America. These economies are seen as “emerging” to the extent that corporations in the developed world can identify potential for expanding their markets within them. Today, the term has been applied to populations within American cities that have been marginalized from regional economies, but which hold economic potential.

Why do emerging markets matter?

Today, no supermarket can afford to ignore the low-income neighborhoods in its market areas. To optimize regional productivity, no viable market opportunities should remain untapped. What’s more, low-income neighborhoods are home to most of the 7.1 million Latinos in Los Angeles County. Their buying power has doubled in the last decade, and their grocery spending outpaces the general public.

Additionally, serving low-income areas is crucial to a supermarket’s public image. Advocacy groups have drawn public scrutiny to supermarkets that fail to serve the “food deserts” arising in inner cities. More and more supermarkets have made public commitments to “be good neighbors” and now face the challenge of standing by these commitments.

Expanding business opportunities in Los Angeles’ food deserts can be both profitable and politically savvy.

What are the challenges to reaching underserved communities?

There are five major barriers or market imperfections that hinder the opening and sustainable operation of supermarkets in food deserts. These challenges include:

- Lack of Knowledge about Specific Neighborhoods: Supermarket executives rarely possess accurate market data on low-income neighborhoods, or the “insider” intelligence required to effectively penetrate them.
- Shortage of Suitable Locations: Extra effort must be dedicated to suitable parcel identification, land assembly and acquisition, environmental remediation, parking requirements, permitting, and the entitlement and development process.
- Political Opposition: Political opposition from community groups that don’t understand the benefits of the new supermarket can greatly delay or derail the project and negatively impact profits if it opens.
- High Operating Costs: Many supermarkets report that operating costs – including those associated with employee turnover, security, shrinkage, and utilities – are higher in low-income neighborhoods.
- Undeveloped Consumer Base: Underserved communities where a supermarket has had little or no historic presence often require additional efforts to build brand familiarity and loyalty.

Emerging Markets, Inc. can help supermarkets that are struggling with any of these five challenges. For each scenario, Emerging Markets, Inc. has designed a set of responsive services.

How can we help you?

The team at Emerging Markets, Inc. can help your company optimize the performance of its supermarkets by effectively tapping into the business opportunities in low-income communities. We can:

- Prepare nontraditional market intelligence that will give you the edge over other stores in your trade area.
- Find potential sites for new supermarkets in communities where there seem to be no viable locations.
- Work with local landowners and government to move quickly through land acquisition and entitlement processes.
- Transform public resistance into widespread grassroots support for your supermarket.
- Utilize nutritional and financial education curriculum as a means of changing customer behavior.
- Establish fruitful partnerships with local community groups that can extend your supermarket's influence into the neighborhood.
- Carry out effective "guerilla marketing" tactics that will target underperforming customer segments and drive more traffic into your supermarket.
- Monitor progress, demonstrating the impact of community-based strategies on transaction growth and sales per square foot.
- Tell your company's story as a corporate citizen in low-income communities.

Five Strategies For Five Scenarios

- 1 *A grocery retailer is unsure that there is untapped market potential in specific neighborhoods.*

Emerging Markets, Inc. can:

- Help select low-income neighborhoods to consider for market expansion, and compile briefing books that contain socio-economic data.
- Document buying power in the area, with measures such as income-per-acre, market "elasticity," and "leakage."
- Hold focus groups and conduct consumer surveys to assess local trends, preferences, and opportunities.
- Prepare maps of competing supermarkets or retailers in the area, assessing unmet needs.
- Identify best practices that illustrate how other supermarkets have been successful in similar communities.

- 2 *A grocery retailer is unable to find a location for a market in a low-income neighborhood, or access the land.*

Emerging Markets, Inc. can:

- Survey a low-income neighborhood for viable properties, map them, and pre-screen those that meet selection criteria.
- Conduct basic title and background research on the candidate sites and photo-document them, including the surrounding residential and retail environment.
- Evaluate the sites with superior traffic and greatest potential for supermarket development, and submit these for review.
- Help developers navigate government bureaucracy, meet development standards, and qualify for an expedited plan review.
- Follow up with development process through ground-breaking and grand opening.

3 A new or proposed supermarket is facing political opposition.

Emerging Markets, Inc. can:

- Identify the key nonprofits and associations comprised of local residents that can be mobilized in support of the supermarket.
- Identify the self-interests that can serve as a point of collaboration and a reason for these groups to “buy in” to the supermarket.
- Document the lack of supermarket access in the area and develop talking points to be used in public meetings.
- Educate resident leaders on the talking points, and secure their commitment to speak at public hearings, write letters, etc. in support of the targeted supermarket.
- Assess the role played by the newly organized residents on behalf of the supermarket.



4 A proposed or existing supermarket is not financially feasible because of high operating costs.

Emerging Markets, Inc. can:

- Survey existing incentives – loans, grants, energy credits, tax credits, etc. – made available through the government and foundations.
- Conduct eligibility analysis, determining whether eligibility exists or can be obtained cost-effectively.
- Begin application process for incentives, contacting institutions like LISC and the CRA/LA.
- Organize a community watch group focused on nearby parking lot safety, shoplifting, or shopping cart theft.
- Design a program linking supermarket employers to local employment training programs and a qualified labor pool with wraparound support services.

5 A supermarket is having trouble attracting consumers.

Emerging Markets, Inc. can:

- Ascertain the customer segments that are not yet shopping at the supermarket.
- Identify nonprofits, block clubs, churches, parent associations, and other networks that represent these untapped segments, especially those with health and nutrition interests.
- Design “guerilla marketing” strategies that utilize church bulletins, neighborhood newspapers, and community newsletters, which are often more cost-effective than larger media buys.
- Structure partnerships with nonprofits, churches, and schools willing to refer specific customers into the new or underperforming market.
- Organize buying groups willing to make formal pledges to shop at the supermarket and help drive traffic into the store.
- Follow-up with groups to confirm that individuals shopped at targeted supermarket and obtain customer feedback. Verify that sales increased as a result of the campaign.



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