

Cities of Diversity Top 2011 List of Supermarkets and Convenience Stores per Capita

By Julie Rabinowitz

WOOLWICH, Maine—Three cities in the Greater New York City region are among the top five neighborhoods with the highest number of grocery stores and convenience stores per capita, according to new 2011 forecast data released by Pinpoint Demographics. The midtown East and Sutton Place neighborhoods of Manhattan and Paramus, N.J. and Garden City, N.Y. ranked second, third, and fourth, respectively. San Francisco, ranked first and Miami, Fla., rounded out the top five—both cities with legendary food scenes.

All of the top five cities, placed in the top ten, which have been broken down by zip codes, have a reputation as places in which multiple ethnicities have settled, leading to a variety of cooking traditions. Specialty markets offer imported or hard-to-find foods that support these cuisines. The high population density of all of these locations also lends itself to the need for numerous grocery and convenience stores.

Dave Heylen, vice president of communications at the California Grocers Association, an industry trade group, confirmed the importance of population density. “In general, population density drives grocery companies to open new stores. Other factors can include diversity, affluence and lifestyle. Even with these factors, there still needs to be enough customers to shop the store and make it profitable.” According to the Food Marketing Association (FMA), the national supermarket trade association, the average American household with children spent about \$139 per week on groceries in 2009, and a household without children spent about \$83.

Diversity is a secondary factor that drives the variety of grocery and convenience stores in community. “Grocery stores thrive when they are able to fill a niche. Obviously, in Southern California stores catering to the Hispanic market do very well. Asian markets are also emerging as that segment of the population grows. Hence, in a city like San Francisco, ethnic markets that fill a niche do well,” Heylen noted. “In Southern California, stores catering to the Hispanic market have been on the rise for the past 20 years. That hasn’t been the case as much in Northern California, although that trend is changing. Same with Asian focused stores.”

The area with the highest density of supermarkets and convenience stores runs along Market Street in San Francisco, and includes the Tenderloin neighborhood and Union Square shopping District. Much like Fifth Avenue in New York or the Champs-Élysées in Paris, Market Street is the central artery of San Francisco, although cable cars no longer run along this main thorough-fair. This area includes Little Saigon, an enclave of Vietnamese-Americans, and borders Japantown. It also has a large population of recent immigrants from Latin America.

Heylen suggests that in urban areas, the price of real estate is also a factor that can influence the number of grocery stores in a given neighborhood. “In a large city, such as San Francisco, there may be a need for more stores because land is very expensive and stores tend to be smaller, hence you would need more. Plus, in an urban area, it isn’t as easy to drive to a store. My guess is that stores in large urban areas tend to be considerably smaller than in suburban areas.” Smaller stores located more closely together provide urban customers more convenience.

Although ranking third on the list for number of supermarkets and convenience stores per capita with seven stores total, Paramus' revenue far exceeded the revenue of San Francisco's 22 stores, with Paramus' 2010 revenue surpassing \$200 million, and San Francisco's at about \$10 million. According to FMA data, the median average weekly sales per supermarket in 2009 totaled \$485,346, or about \$25 million per year. Paramus, which lies only 10 miles from the George Washington Bridge, can be easily accessed via Routes 4, 17 and the Garden State Parkway. Its close proximity to a large population center and easy access makes it a shopping mecca.

In contrast to San Francisco's urban neighborhood, Miami's neighborhood in the fifth spot on the list is more suburban. Located on the south side of Miami along U.S. Route One and the Atlantic Ocean, it includes the Kendall and Pinecrest villages. According to 2009 data from the U.S. Census Bureau's American Community Survey, Pinecrest is about 87% white with people of Hispanic origin making up a third of the population. It has a median household income of almost \$108,000. Kendall, although it has the same percentage of white residents, it has about 4% African American residents and 57% of all residents are of Hispanic origin; the median household income is \$60,000.

These demographic factors are important to a grocer's bottom line. Heylen emphasized, "Keep in mind that most grocery stores operate on a 1–3% profit margin. Retailers must move product to stay in business. They must also be attuned to changing demographics and adapt their formats to meet the particular needs of the customers they serve."

Pinpoint Demographics, a division of Barnes Reports, is a leading demographics research firm located in Woolwich, Maine. Pinpoint Demographics provides the most current, accurate and cost-effective data population demographics, consumer spending, retail business and services businesses estimates for each of the 30,000+ U.S. zip codes. Pinpoint's proprietary economic model uses exponential regression analysis to annually estimate 2011 and five year forecast 2016 populations, broken down by race, age, income, educational attainment and occupation.

Pinpoint Demographics' databases are available in a number of products. The "America's Neighborhoods" series are annual print handbooks of population and consumer spending databases by zip code or U.S. county. Pinpoint's zip code databases are broken out by U.S. state and available for immediate purchase and download on its website www.pinpointdemographics.com. Free sample zip code data is available on www.uszipcodedemographics.com.

Top Ten Cities by Supermarkets and Convenience Stores per Capita, 2011

1. San Francisco, Calif. 94102
2. Midtown East & Sutton Place, New York, N.Y. 10022
3. Paramus, N.J. 07652
4. Garden City, N.Y. 11530
5. Miami, Fla. 33156
6. Lexington, Ky. 40503
7. Northridge, Calif. 91324
8. Chicago, Ill. 60611

9. Orlando, Fla. 32809
10. Modesto, Calif. 95356