Brown’s Super Stores: Supermarkets in Low-Access Areas

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COMPANY DESCRIPTION

Brown's Super Stores, Inc. is a family-owned and operated group of full-service, state-of-the-art supermarkets in the Philadelphia region. Six of these stores, including all five urban locations, are in neighborhoods that previously lacked adequate access to affordable, healthy food. In 2013, these six Super Stores, which trade under the ShopRite name, employed more than 1,000 people and generated nearly $250 million in revenue.

THE OPPORTUNITY

According to USDA, nearly 25 million Americans live in “food deserts” – low-income neighborhoods in which more than a third of residents live more than a mile from a supermarket or large food retailer. These neighborhoods struggle with high rates of diet-related health problems, such as obesity and diabetes, as well as high unemployment and crime.

Historically, many retailers have avoided opening stores in these neighborhoods, due to higher development costs, higher operating costs (e.g., for training, security, insurance) and lower margins, compared to stores in other neighborhoods. Jeff Brown, CEO of Brown’s Super Stores, refers to the financial impact of these challenges as the “grocer’s gap.”

Overcoming this gap was not easy, but Brown found a way to do it. The first supermarket he opened in a low-access area in 2004 is not only still operating – it is turning a profit. The keys to Brown’s success with this store – and the five stores he has since opened in other low-access areas – are:

- Rethinking the traditional role of the supermarket in the community (i.e., more than a grocer)
- Optimizing each store’s product mix to “offer items that make people feel at home”
- Adjusting the store’s operating model to lower costs responsibly without decreasing quality or wages

THE STRATEGY

The mission of Brown's Super Stores is to “bring joy to the lives of the people we serve.” Developing a deep understanding of the local community's needs is not only core to this mission; it is an essential element of each store’s financial success. Brown's approach to store development involves cultivating strong relationships with community leaders, seeking to identify local challenges, and
learning about the special needs of each store’s customers (for example, halal meat in areas with a large Muslim population).

In Brown’s words, “A huge part of the success of this model has been our ability to address certain social challenges and relationships with communities in a unique way... In this model, the supermarket is a hub for the community.”

**Levels of shared value:**

- **Reconceiving products and markets:** In addition to offering culturally relevant food products, all of Brown’s stores also include a community room that is often used to offer nutrition services and education. Many stores also include a credit union, and some house health care clinics.

- **Redefining productivity in the value chain:** Brown’s stores use several strategies to keep their operating costs low and their products affordable to their low- and moderate-income customers. For example, Brown’s invests in careful hiring and employee on-boarding, which ensures lower rates of turnover and higher satisfaction and employee productivity. Not only do these investments actually lower overall operating costs, they also contribute to a better experience for Brown’s customers. On the product side, Brown’s stores partner with local wholesalers that supply goods at price points that align with Brown’s customers’ budgets.

- **Improving the local operating environment:** Brown’s stores are “dedicated to hiring as many local workers as possible and to giving them what they need to succeed.” To meet this goal, the company partnered with a nonprofit, ABO Haven, to provide industry-specific workforce training to ex-offenders and others who struggled to find employment opportunities. Brown’s stores committed to hiring every program graduate. Today, ABO Haven has expanded to provide services to other companies, creating a ripple effect on both workers and business owners in the local community.

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**RESULTS – VALUE FOR BUSINESS AND SOCIETY**

- More than 1,000 FTEs are employed at the six Shop Rite stores located in low-access areas.
- In 2013, total revenue for these six stores was nearly $250 million (the company’s revenue was $455 million).
- Nearly 250,000 people have expanded access to fresh food as a result of the stores.

**LESSONS LEARNED, CHALLENGES AND OUTLOOK**

Brown’s Super Stores have enjoyed significant success and generated important insights for would-be grocers in underserved communities:

- “Believe it or not, solving the community’s problems helps on the financial side as well.” By building relationships with local leaders, committed to local hiring, and working with local suppliers, Brown’s Stores not only developed a winning business model, but grew their customer base in the process.
• **Importance of flexible financing.** Despite careful planning and a strong business model, Brown’s Super Stores would not have been successful without the support of flexible debt financing and small grants provided by the Pennsylvania Healthy Food Financing Initiative. These funds help reduce the cost of the “grocer’s gap” described above.

• **Getting to scale through UpLift Solutions.** Seeing the tremendous need for expanded access to fresh, healthy food in underserved neighborhoods across the country, Jeff Brown created UpLift Solutions, a national nonprofit, to provide development services and technical assistance to food businesses, governments, and nonprofits nationwide. Since 2009, UpLift Solutions has used their food retail expertise to assist partners in over thirty states seeking to increase access to healthy food desert areas. UpLift also created their own brand of in-store retail health clinics, QCare, to meet the needs of medically underserved communities. QCare partners with local Federally Qualified Healthcare Centers to provide affordable care in a convenient supermarket location, holistically approaching community health by tying healthy food access and healthcare together.

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1. About Brown’s Super Stores: [http://www.upliftsolutions.org/node/114](http://www.upliftsolutions.org/node/114)