Healthy Food for New Columbia: The Journey of the Village Market
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Why Access to Healthy Food Matters in New Columbia

Improving access to healthy food is one promising way to improve fruit and vegetable consumption, maintain a healthy diet, and reduce the risk of poor health outcomes. Unfortunately, not all communities are equally served by food retail that offers healthy options. This can put healthy food just out of reach for many families, especially those living in low-income neighborhoods and in communities of color\(^1\). This is the reality of many multi-ethnic\(^2\) families living in New Columbia, the Hope VI redevelopment managed by Home Forward (formerly the Housing Authority of Portland) in the Portsmouth neighborhood, of Portland, Oregon. More than 33% of families do not own or have access to a vehicle and the nearest grocery store is approximately one and half miles away and is not serviced by a direct public transit route.

Key businesses, like grocery stores, contribute to neighborhood economic stability by providing employment opportunities, multiplier effects on local businesses, and by improving community livability.

This case study documents a community-driven food retail business model, the Village Market, and the efforts of Village Gardens, Janus Youth Programs, Inc., Home Forward, marketing consultants, and community-based organizations who have committed to making healthy food a reality for families living in New Columbia and the Portsmouth neighborhood.

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\(^1\) The Grocery Gap: Who has Access to Healthy Food and Why it Matters, 2010. PolicyLink

\(^2\) Rosa Parks Elementary School racial/ethnic composition is 43% African American, 30% Hispanic, 10% white, and 17% other ethnicities. This is the elementary school that serves New Columbia residents.
Village Market: The Vision Begins

In the fall of 2009, Village Gardens, a program of Janus Youth Program, Inc., an organization that operates community-based programs for youth and families in Oregon and Washington, was invited to expand their community food work by Home Forward and consider opening a community-governed healthy store in the heart of New Columbia, in North Portland’s Portsmouth neighborhood. New Columbia is Oregon’s largest mixed income housing and multi-ethnic community and the site of a recent Hope VI federal program of the U.S. Department of Housing and Urban Development (HUD).

Home Forward leaders recognized the importance of having a grocery store to meet the specific needs of New Columbia residents and viewed the Village Market concept as a vehicle to promote community health and wellness, empower residents, and create employment opportunities. Building off the success of the Village Gardens program, community leaders organized a Village Market Leadership Team. The Team’s role was to develop a community-based outreach plan to engage New Columbia, St. Johns, and Portsmouth residents in defining the guiding vision and developing the business plan for the store.

Mission Statement:
The Village Market is committed to providing its community with quality, fresh, healthy, and affordable groceries. The Market will be a convenient, safe, and clean environment for everyone, and it will reflect the needs of the community. Village Market will be community governed and will provide jobs for youth and adults.

The Vision of the Village Market is to:

- Create a community-governed grocery store that offers high quality, healthy, affordable food in a friendly and welcoming environment;
- Become an established community destination;
- Provide employment and training opportunities for adults and youth in the community;
- Improve the health of the community through access and education of healthy food; and
- Support local farms and businesses.
Spotlight on: Portsmouth Neighborhood Plan and New Columbia Hope VI Proposal

In June 2001, during the community involvement stage of the Portsmouth Neighborhood Plan, the Housing Authority of Portland (now Home Forward) applied for and received funding from the Hope VI federal program of the U.S. Department of Housing and Urban Development (HUD) to redevelop Columbia Villa (now New Columbia). Many people involved in the development of the Portsmouth Neighborhood Plan also participated in the development of the Columbia Villa Hope VI proposal.

The vision for New Columbia was to deconstruct the 439 units of World War II temporary housing and replace it with a compact, pedestrian–friendly, mixed use neighborhood for low and moderate income households that was better integrated into the surrounding residential areas. To accomplish this, the proposal called for:

- Demolishing the existing looped street system and restoring the city's street grid to the site;
- Designing housing with a mixture of types and styles that blend with and enrich the entire neighborhood;
- Integrating a portion of market-level housing into the development;
- Building a new system of neighborhood parks, open spaces and playgrounds, and
- Building a “village square” with community serving retail and services for both residents of Columbia Villa as well as the broader Portsmouth neighborhood.

The Portsmouth Neighborhood Plan supported the vision of the Columbia Villa Hope VI proposals and in particular the concept of a “village square.” As part of the Portsmouth Neighborhood Plan an area in the southeast corner of Columbia Villa was re-zoned from residential to commercial to accommodate neighborhood serving retail and services in the future “village square.” In addition, the neighborhood plan also called for a neighborhood serving grocery store to provide affordable, healthy food as an anchor in the “village square.” The zoning applied, Storefront Commercial (CS), has pedestrian-oriented standards that ensured that future development (like the building where Village Market is located) is built-up to the sidewalk with many street facing windows.
Spotlight on: The Portland Plan

The Village Market advances multiple objectives and policies identified in the Portland Plan, the City of Portland’s new 25-year strategic plan. Three strategies; Thriving Educated Youth, Economic Prosperity and Affordability, and a Healthy Connected City in the Portland Plan provide the foundation for a healthy, equitable, and prosperous future for all Portlanders.

In an effort to reduce disparities and inequalities in our communities, the Healthy Connected City Strategy identifies the objective that by 2035, 90 percent of Portlanders should live within a half mile of a store or market that sells healthy food. As previously noted, the nearest grocery store to New Columbia is about one and a half miles away which is a significant access barrier to healthy food options. The Village Market fills a gap in the community by providing healthy food choices that are within walking distance.

Stable homes, safe and accessible neighborhoods, supportive adults, physical activity and good nutrition are among the influences that help youth thrive. The Thriving Educated Youth Strategy identifies the objective that youth of all ages should have access to affordable, healthy food at home and in school and have multiple opportunities for daily physical activity. Many youth and families have been involved in planning for the Village Market and have been a valued stakeholder in creating the image of the store in the community.

The goal of the Economic Prosperity and Affordability Strategy is to expand economic opportunities to support a socially and economically diverse population by prioritizing business growth, a robust regional economy and broadly accessible household prosperity. The Village Market advances the following three policies identified in this strategy:

- Use a community-driven neighborhood economic development approach to build local capacity to achieve economic development outcomes, minimize involuntary displacement and spur commercial activity in underserved neighborhoods.
- Improve access to jobs in priority neighborhoods through frequent transit and workforce development training and by employment growth in neighborhoods.
- Expand partnerships with community-based organizations, foundations, community development financial institutions, business districts, and the private sector generally, to leverage more public investments in neighborhood economic development.

“The Portland Development Commission could offer food retail owners customized packages with low interest loans. This could help keep overhead costs low and profit margins reasonable so that healthy food can be more affordable.”

- Bernie Kerosky, Manager Grocery Retail Initiative, Portland Development Commission
Business Plan Development

In the fall of 2009, the Village Market Leadership Team worked with ACME Business Consulting LLC, a local firm, to determine their market capture area, develop a timeline for planning and implementation, layout store design concepts and prepare a business plan. ACME Business Consultants provided these services in-kind to the Village Market.
The Village Market Leadership Team developed five planning teams:

**Marketing Team:** Develop the store image and community campaign.

**Staffing Team:** Develop store accessibility, determine personnel needs and capacity, and prepare job descriptions.

**Store Layout Team:** Prepare floor plan scenarios and determine equipment and infrastructure needs.

**Market Research Team:** Mobilize the broader community and organize canvassing efforts to determine community need and interest in the store.

**Inventory Team:** Develop a preliminary product list that meets store standards and identify potential vendors.

One of the most important decisions made by the Leadership Team was to obtain the services of a marketing consultant. SCORE Business Center, a nationwide nonprofit organization providing free business consultation recommended a local retail consultant, Tanney Staffenson at Staffenson Resources, LLC. Mr. Staffenson had opened and managed eight successful grocery stores. Staffenson was hired to lead a series of meetings with the Marketing Team, and helped facilitate a discussion that resulted in three significant points:

- Village Market has some distinct advantages. It is located in a high density neighborhood in which most of the residents are within walking or bicycling distance to the market. Approximately 970 households (many of which are families) live within .3 miles of the store; many are within a few blocks.

- The store will also have challenges. Residents have developed established shopping patterns. To be successful the Village Market will have to be competitive with shopping destinations, as well as with local fast food restaurants.

- Attracting residents to the store will not be difficult; however, convincing them to return on a regular basis will be a challenge.
Based on these three points, the **Marketing Team**, agreed to build a reputation on:

- **Friendliness** – we will know people by their name and know what they like to buy
- **Freshness** – not only will the food be fresh, but the whole store will have a look of freshness and quality
- **Connection with the community** – it is a non-profit store that has been inspired by the community and will be driven by the community. Our motto is “community serving community”.
- **Consistency** – we will deliver on our promise everyday
- **Signature items** – we will offer items people can’t get anywhere else in the area
- **Healthy choices** – we are committed to providing healthy alternatives and to educating the community on how to prepare those foods
- **Reasonable prices** – we will stay competitive with the lower priced stores

The **Staffing Team** developed the hours of operation and determined the personnel needs. The store is staffed with two people at all times, an assistant manager and a sales clerk. During certain times of the day, a third staff is onsite to prepare deli items. A General Manager supports staff, oversees all aspects of the store and ensures compliance with all agency standards. Staff receives full or partial benefits, including health insurance.

Though the Village Market does not maintain a local hire policy, eight of the nine employees are residents of New Columbia, Tamarack apartments, or the Portsmouth neighborhood. Janus Youth Programs, Inc. is also a host agency for participants of Seniors Make Sense (a training placement program), Jobs Plus, and On the Job Training Programs.
**Spotlight on: Village Market’s Produce Section**

From the visioning process, the Leadership Team determined the Village Market would be a destination to foster a healthy community. To achieve this, it was critical that the store offer a balance of healthy and affordable foods, particularly fresh fruits and vegetables, in the 1700 square foot space. The **Store Layout Team** helped visualize the produce section. Fresh fruits and vegetables make up 200 square feet of shelf space in the Village Market, much more than stores of comparable size. Much of the Village Market’s produce inventory is from the Village Garden Food Works program, a youth-based urban agriculture program on Sauvie Island as well as a number of other local produce vendors around the city.

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**Spotlight on: Multnomah County Healthy Retail Initiative and the Healthy Snack Corner**

Village Market was one of the first retail stores to participate in the Multnomah County Health Department’s Healthy Retail Initiative. Store signage, beverage clings, and shelf-talkers help customers identify healthful foods that meet nutrition guidelines. These foods are predominantly displayed throughout the store. To appeal to the many youth in New Columbia, Village Market also developed a Healthy Snacks Corner. A team of anti-hunger professionals, community health educators and food advocates worked with Village Garden’s Children’s Program leaders to design a project based on the input of youth from Rosa Parks Elementary. Youth selected healthful foods and created the artwork for the Healthy Snacks Corner shelves at the store.
Community Assessment of Food Shopping Behaviors

In 2010, the Market Research Team launched a community survey to understand food preferences, frequency of shopping visits, and current food buying behaviors of the residents in New Columbia and the Portsmouth neighborhood. These conversations helped determine the store inventory and hours of operation. The Regional Research Institute at Portland State University compiled the following results.

Residents were asked whether they would shop at the new store if it offered a wide range of affordable products, and how often. The responses are highly encouraging: Nearly 100% of those surveyed said they would shop at the Village Market and 87% said they would shop there once a week or more often. In addition, 97% responded that it was important to have a neighborhood store available.

<table>
<thead>
<tr>
<th>Grocery Store</th>
<th>Shortest Distance in Street Network Miles from Village Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fred Meyer (Interstate Avenue)</td>
<td>2.4</td>
</tr>
<tr>
<td>Winco (Northeast 122nd Avenue)</td>
<td>11.7</td>
</tr>
<tr>
<td>Fred Meyers (Lombard)</td>
<td>1.4</td>
</tr>
<tr>
<td>Safeway (Lombard)</td>
<td>2.1</td>
</tr>
</tbody>
</table>

- 2/3 of respondents shop at these stores once a week or more
- 35% of respondents shop at these stores because they are affordable
- 33% shop at these stores because they are close to home

What factors would influence residents’ choice to shop at the Village Market?

- 35% reported that the price and affordability of the market was the most important factor
- 19% reported having access to fresh, healthy food was important
- 10% indicated that having a variety of food offerings was important
Securing Vendors

During the summer of 2010, the Inventory Team prepared a marketing outreach plan for suppliers based on food preferences of families living in New Columbia, nutrition and ingredient standards, and community input from the community survey. The Inventory Team developed relationships with nearly 40 wholesalers in the region, small family-owned food suppliers, and local farmers. From the beginning, the Inventory Team remained committed to developing business relationships with regional producers and wholesalers (see below).

<table>
<thead>
<tr>
<th>United Grocers</th>
<th>Milwaukee, OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>S &amp; P Distribution</td>
<td>Sherwood, OR</td>
</tr>
<tr>
<td>Jinthay Trading Corp.</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Pacific Coast Fruit Company</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Café Mam</td>
<td>Eugene, OR</td>
</tr>
<tr>
<td>Alpenrose Dairy</td>
<td>Portland, OR</td>
</tr>
<tr>
<td>Franz Family Bakery</td>
<td>Portland, OR</td>
</tr>
</tbody>
</table>
Economic Leakage

Since the nearest full service grocery store to New Columbia is about one and half miles away, many New Columbia residents must leave the area to do the majority of their shopping. Food sales reported by area food stores are less than the amount that residents spend on food within their neighborhood. This difference is referred to as leakage (Table 1). Leakage is money that could be spent in New Columbia and in the Portsmouth neighborhood if there were more grocery options nearby that offered competitive, culturally preferred foods. Leakage is calculated by estimating the annual sales of food stores in the area surrounding New Columbia (supply) and the estimated amount spent on food at home (see definition below) among New Columbia residents (demand) (Table 1).

Definition of Food At Home

The United States Department of Agriculture (USDA) defines food purchased for at home use as any food purchased at supermarkets, convenience stores, other grocery stores, specialty food stores, warehouse clubs, mass merchandisers, and other stores; home deliveries and mail orders; and farmers, processors, wholesalers, and others. Food at home is defined by the U.S. Bureau of the Census for the Consumer Expenditure series as:

- Bakery and cereal products
- Meats, poultry, fish and eggs
- Dairy products
- Fruits and vegetables
- Snacks and other food at home

A retail leakage analysis shows that New Columbia and the Portsmouth neighborhood have limited options for neighborhood serving grocers, 80 percent of total food at home expenditures occur outside of the neighborhood. Food at home leakage data is also shown for two other Portland neighborhoods, Glenfair and Centennial. The Glenfair and Centennial neighborhoods are located in Outer Southeast Portland and are used for comparison purposes here due to the fact that these neighborhoods are also underserved by stores that provide healthy food options.
While a leakage analysis demonstrates a gap in supply for food at home sales in the Portsmouth neighborhood, it is equally important to understand that there are market dynamics and consumer behavior patterns that will greatly impact the feasibility of the Village Market in the future. The Village Market will need to compete with larger scale grocers that neighborhood residents have become accustomed to patronizing that offer a wider variety of products at oftentimes significantly discounted rates.

Table 1: Household Expenditures and Neighborhood Grocery Leakage

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>2010 Households</th>
<th>Average Annual HH Expenditures on Food at Home</th>
<th>Food at Home Demand</th>
<th>Food at Home Supply</th>
<th>Food at Home Leakage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth</td>
<td>3,499</td>
<td>$3,541</td>
<td>$10,576,671</td>
<td>$2,059,404</td>
<td>$8,517,267</td>
</tr>
<tr>
<td>Glenfair</td>
<td>1,207</td>
<td>$3,505</td>
<td>$4,036,034</td>
<td>$596,364</td>
<td>$3,466,670</td>
</tr>
<tr>
<td>Centennial</td>
<td>7,683</td>
<td>$3,873</td>
<td>$28,953,827</td>
<td>$24,220,857</td>
<td>$4,732,970</td>
</tr>
</tbody>
</table>

Estimating Consumer Demand

The Market Research Team worked closely with Urbane Development, a community and economic development firm that offers retail attraction and economic development strategies for municipalities, economic development agencies, financial institutions, real estate developers, and small businesses. Based on initial financial projections, the Market Research Team realized they did not have the start-up capital or necessary grant dollars to open a non-profit, community-governed store and needed to develop more realistic estimates of projected gross sales. Alcohol, tobacco, and lottery tickets make up a significant portion of the gross receipts in a typical convenience store. Since these items would not be offered at the Village Market, the team had to develop an alternative business model. Together, the Team and Urbane Development began by determining the following market capture potential of New Columbia:

- Nearly all of Portsmouth neighborhood’s 3836 homes and 10,757 residents are within .5 miles of the store;
- 58% of food purchased by New Columbia households was from grocery stores (or other food stores) and was prepared at home; and
- 33% of the households in the census track surrounding New Columbia do not have vehicles.

Sales per Square Foot

Throughout the financial planning process, the Market Research Team struggled to arrive at reasonable estimates for appropriate sales per square foot estimates to apply to their financial model. Table 3 shows the comparable sales per square foot that were used to determine the feasibility of the Village Market. Initially the Market Research Team used a calculation (gross sales per square foot) based on the national average of convenience stores but using estimates based on projected revenue from convenience stores felt inappropriate because Village Market would offer products and volume that more accurately reflects a full-service grocery store. The team attempted to reconcile with the grocery store offerings of the market applied to a 1,700 neighborhood serving market and settled on a projected $406 per square foot.

Table 3: Sales per Square Foot Estimates by Store Type

<table>
<thead>
<tr>
<th>Store Type</th>
<th>Sales per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Store</td>
<td>$204</td>
</tr>
<tr>
<td>Village Market Planning Team Estimate</td>
<td>$406</td>
</tr>
<tr>
<td>Safeway</td>
<td>$549</td>
</tr>
<tr>
<td>Average Large Formate Supermarket*</td>
<td>$592</td>
</tr>
</tbody>
</table>

Financial Projections

The Market Research Team worked with the Janus Youth Board of Directors to develop financial formulas to determine projected gross sales of the Village Market. The Team used three scenarios that considered the average household size of New Columbia, average cost of food at home, and conservative estimates for the percentage of household food budgets that the Village Market could capture to determine a feasible projected gross sales for the first year of operation. The Team settled on an estimated gross revenue of approximately $650,000 and the budget was adjusted to that figure. The three methods examined by the Market Research Team to determine projected gross revenue are below.

Household Consumption Method:

The household consumption method assumed that the 850 households in New Columbia are represented in the lowest range of amount spent on food at home for a family of two at the lowest income level, or $75 per week. This method also assumes that the Village Market will capture only 20% of all food at home purchases for New Columbia households.

Per Capita Consumption Method:

The per capita consumption method assumed that the 2,740 individuals who live in New Columbia and the Tamaracks Apartments spend on average $33.80 per week on food at home purchases. This $33.80 weekly spending on food at home per capita was developed based on the USDA Thrifty Food Plan. This method also assumes that the Village Market will capture only 15% of all food at home purchases for all New Columbia and Tamaracks Apartments residents.

Sales Per Square Foot Method:

The sales per square foot method assumed the Village Market is comparable to convenience stores in size but comparable to grocery stores in product mix. Average national convenience stores realize approximately $204 per square foot subtracting out sales for totals for alcohol, lottery and tobacco sales. Data provided to the Market Research Team provided estimates of larger format national grocery store chain sales such as Safeway that average $549 per square foot. To represent the convenience store size and product mix of the Village Market, the Market Research team averaged these two sales per square foot averages and estimated that the Village Market could generate $376.50 per square feet.
After six months of operation the Village Market is on track to reach 75 percent of projected sales for the first year of business. It is expected that sales will increase in the second half of the year as community outreach and marketing efforts are accelerated in early 2012. As sales and operations costs become available for the entire first year of operation, sales and financial projections should be updated to reflect the reality of market demand. Further analysis of consumer expenditure behavior indicates that households in the Portsmouth neighborhood spend an average $3,541 per year on food at home, less than the USDA $4,956 estimated household expenditures on food at home per year (Table 4). This difference translates to significantly higher sales per square foot projections for the Village Market.

**Table 4: Estimated Sales per Square Foot Assumptions**

<table>
<thead>
<tr>
<th>Consumer Expenditure Survey</th>
<th>USDA Cost Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual HH Expenditures on Food at Home</td>
<td>$3,541</td>
</tr>
<tr>
<td>New Columbia Pop.</td>
<td>2,740</td>
</tr>
<tr>
<td>Average HH Size</td>
<td>2.82</td>
</tr>
<tr>
<td>New Columbia Households</td>
<td>972</td>
</tr>
<tr>
<td>Capture Rate</td>
<td>15%</td>
</tr>
<tr>
<td>Est. Annual Gross Sales</td>
<td>$516,082</td>
</tr>
<tr>
<td>Village Market Square Feet</td>
<td>1,780</td>
</tr>
<tr>
<td>Potential Sales per Square Foot</td>
<td>$290</td>
</tr>
</tbody>
</table>

Resources and Contributions

Contributions from many organizations and public agencies have helped support the planning and implementation efforts for the Village Market. When analyzing the replicability of the Village Market concept, it is important to understand that start-up costs and current gaps in profitability are being subsidized by funding partners. One of the special aspects of the store is that it employs a hybrid business model with non-profit status. Since the Village Market is a subsidiary program of the non-profit organization, Janus Youth, Inc., the store will not function as a typical for-profit business venture. Any revenue from the Village Market store will be used to recoup operational costs or be rolled into other Janus Youth Programs.

Home Forward has provided considerable in-kind contributions or what they refer to as an “operational loan” to offer the Village Market some flexibility in responding to consumer variability over the next few years. This underwriting covers significant overhead and allows the Village Market to provide full time employment and benefits, the greatest expense to the store. It also allows the store to keep profit margins at a minimum so that prices remain affordable for low income residents and families.

“Until we think about access to healthy food differently in this country, these efforts will need to be largely subsidized to be successful.”
- John Keating, Director of Strategic Partnerships, Home Forward

Village Market Funders and Contributors

| Car J. and Alma Johnson Fund of The Oregon Community Foundation |
| Children’s Land Trust Fund of the Oregon Community Foundation |
| City of Portland |
| Heifer International |
| Home Forward |
| Kaiser Permanente Community Fund at the Northwest Health Foundation |
| Lamb Foundation |
| Meyer Memorial Trust |
| Multnomah County Health Department |
| RBC Foundation |
| Robert Wood Johnson Foundation |
| Healthy Kids Healthy Communities – Oregon Public Health Institute |
| Ronald E. and Ivy L. Timpe Fund of the Oregon Community Foundation |
| Suzanne Lang Younge Community Fund of the Oregon Community Foundation |
Challenges

While the Village Market is off to a good start in operating a community-governed corner grocery store, there were challenges in the planning process as well as challenges that lie ahead of the Village Market to achieve self-sustaining levels of revenue generation. The success of the Village Market will depend on the store's ability to cater to its customer base while maintaining competitive prices. The product mix offered in store needs to be responsive to the reality of the consumer market by offering products at competitive prices that customers will return for.

While the Market Research Team has identified that a target 30% gross profit margin is necessary for the market to reach self-sufficiency, this target would need to be considerably higher without the contributions of partners and funders and ongoing debt service of start up costs were a line item expense.

Another challenge the Village Market faced was acquiring Electronic Benefit Transfer (EBT) technology to accept SNAP (formerly food stamps). In New Columbia, about 75% of families rely on SNAP for their household food budgets and EBT purchases make up a majority of the purchasing power in the community. To obtain authorization to accept EBT, the store must be independently evaluated by an inspector who will determine whether the store offers the appropriate mix of products. This inspection typically occurs within the first 10 business days the store is open. Twenty-eight business days passed between the opening and installation of EBT vendor equipment. During this time, many SNAP customers had to be turned away.

The inability for the store to acquire EBT technology prior to opening put them at a significant sales disadvantage. Because of their non-profit status, they may not be as susceptible to the market as an independent small business owner may be; however, they may have lost the patronage of many SNAP families who were unable to utilize their SNAP benefits during their first visit.
Looking Ahead

In order for the Village Market to remain competitive it is important that market staff and the project team understand how product moves through the store and captures revenue generated by an extensive produce section to compensate for loss leader products\(^4\). The large produce section at the Village Market remains competitively priced and some fresh fruit and vegetable options are significantly more affordable than the closest large format grocery competitors.

It is difficult to fully understand consumer motivations and customer shopping patterns. The Village Market will need to focus on its branding strategy as a healthy, fresh and local community serving market with a strong emphasis on customer service in order to compete with large format grocery stores. Marketing the large produce selection as competitive and at times more affordable than large format grocery stores with an emphasis on convenience could increase revenue generation for the store.

The Market Research Team has identified a 20% capture rate of all New Columbia household expenditures in their financial projection. The Village Market has an opportunity to not only capture at least 20% of New Columbia household consumer expenditures but can also capture consumer demand from nearby areas. It is realistic that the Village Market can capture 20% of food at home purchases from the immediate market area in addition to 10% from an intermediate market area of surrounding neighborhoods and 5% from a larger North Portland market area. The map below depicts potential market capture rate opportunities for the larger community. In order for the Village Market to attain these capture rates the store must attract new customers as well retain a returning customer base.

Signage improvements could include window treatments and outside signage such as sandwich boards to increase access for potential new customers. The Village Market is gaining a reputation in the North Portland community for their customer service and responsiveness to customer needs which will need to be strengthened and continued to retain returning customers.

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\(^4\) Loss leader products are products that grocery stores offer that they technically take a loss on each time they sell it. Examples of loss leader products are products like milk, bread and eggs. These are the products that large grocery stores offer at prices with little to no mark up to attract customers to their stores. Milk is certainly the most common item that is discounted (loss leader) for customer attraction. A store hopes that when customers walk through the door to purchase loss leaders they will do all their shopping there.
This model has taken the community investment and tireless effort of partially paid staff, community health workers, resident volunteers, and pro bono contributions of marketing and financial consultants. It is too soon to tell whether the Village Market will be sustainable and reach its overarching goals to cover its costs and provide affordable, healthy food to area residents. While the store occupies the location of a former corner grocery store, supporters are optimistic that Village Market’s careful planning, community investments, and dedication to the needs of its diverse community are key ingredients of its long term viability and success in the community.

(Left to Right) Multnomah County Commissioner Jeff Cogen, City of Portland Commissioner Nick Fish and Oregon Congressman Earl Blumenauer with Village Market leaders.
Appendix

Columbia Villa Zone Change Map

This map shows the area re-zoned from residential to commercial as part of The Portsmouth Neighborhood Plan to accommodate a future “village square.” The map also shows the old street pattern. The Hope VI redevelopment completely reconfigured the streets creating more connection with the surrounding Portsmouth neighborhood.