

How a Regional Development Agency Is Partnering with Elmore, Alabama to Bring a Grocery Store to their Small Town

By most measures the quality of life in Elmore, Alabama could best be described as trending downwards for the past 50-60 years. In 2022 Elmore's mayor, Margaret White, partnered with the Central Alabama Regional Planning and Development Commission (CARPDC) to seek ways to improve the social and economic conditions in her town. Over a three year period the town of Elmore, with CARPDC's assistance, was able to secure four vital grants to address the town's socioeconomic needs, namely one grant provided by the USDA with the primary purpose of conducting a feasibility study to work towards bringing a much needed grocery store to the town's inhabitants.



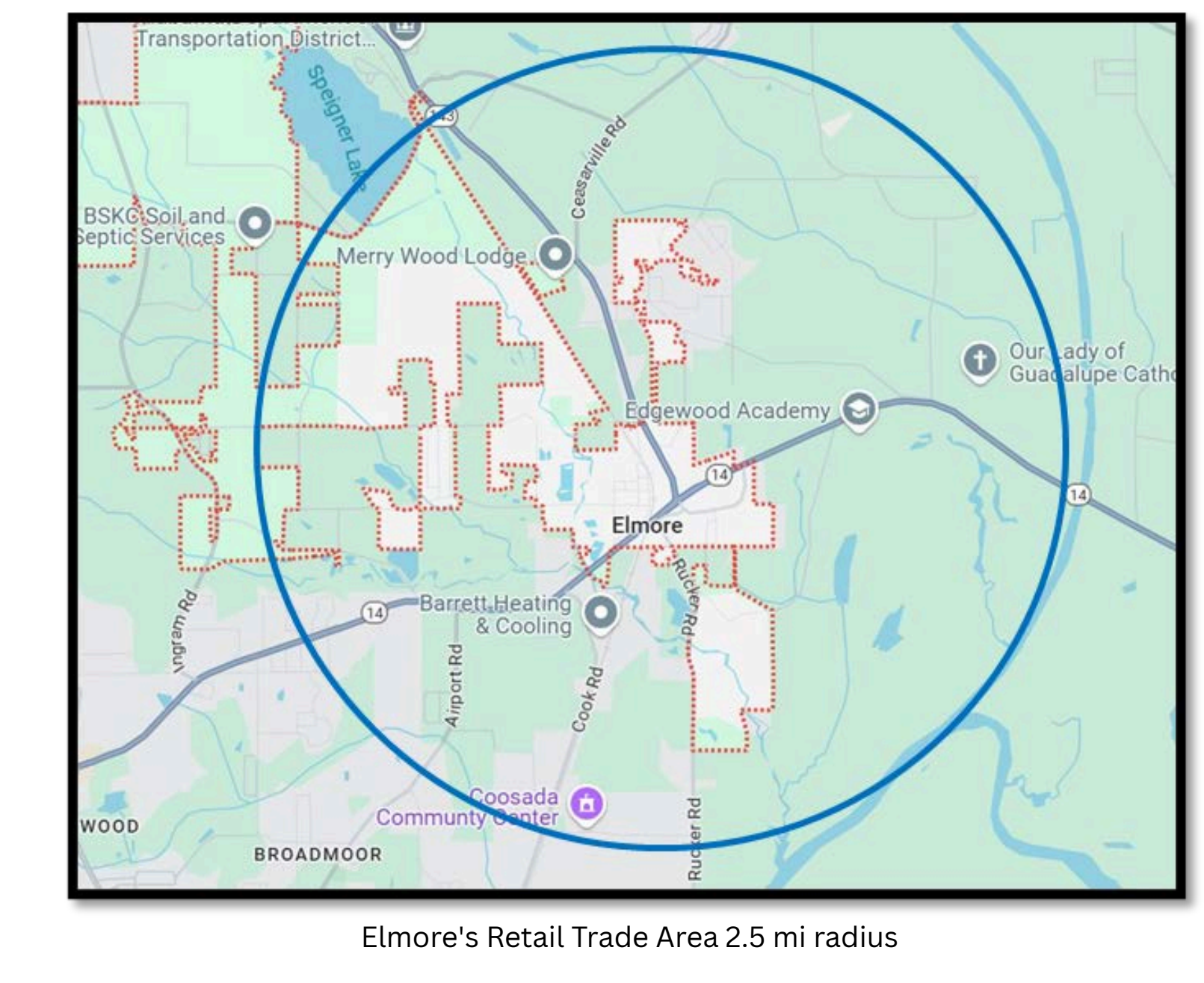
Objective

The goal of the grant provided by the USDA was to conduct a grocery store feasibility study with the intention of providing credible data concerning market potential to investors. The ultimate goal was that the provided data would encourage investors to open a full-service, fresh food grocery store in Elmore.

Results

The competitive analysis combined with the household survey data was used to estimate the trade area for a new grocery store in Elmore.

Definition of the Trade Area



Analysis

Computation of Market Capture Percent

Estimating Market Capture Percent for New Grocery Store

Will Definitely Shop There $25.7 \times 70\% = 18\%$
 + Will Probably Shop There $57.1 \times 35\% = 20\%$
 Estimated Market Capture = 38%

Trade Area Analysis and Estimated Potential

Southeast Research's projection is for the Elmore grocery store to capture 20% of the trade area's expenditures for groceries at home for year one. This initial market capture percent is projected to increase over the six-year projection period as the store grows its market by delivering on their fresh food promises and promotes shopper's social connectedness to the new store.

Market Capture Percent Over Projection Period

	2025	2026	2027	2028	2029	2030
Consumer Expenditures	\$111,254,595	\$116,267,158	\$121,492,434	\$126,967,971	\$132,698,433	\$138,672,203
Percent Spent on Food	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%
Food at Home	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Food Away from Home	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Amount Spent on Food at Home	\$9,456,641	\$9,882,708	\$10,326,857	\$10,792,278	\$11,279,367	\$11,787,137
Estimated Market Capture Percent	20%	20%	25%	30%	30%	35%
Estimated Sales Capture for New Grocery Store	\$1,891,328	\$1,976,542	\$2,581,714	\$3,237,683	\$3,383,810	\$4,125,498
Estimated Weekly Sales Per Square Foot of Store	\$4.55	\$4.75	\$6.21	\$7.78	\$8.13	\$9.92
Amount Spent on Food Away from Home	\$5,562,731	\$5,813,358	\$6,074,622	\$6,348,398	\$6,634,922	\$6,933,610

Projected Income and Profit for Selected Milestone Years

	Year 1	Year 4	Year 6
Sales	\$1,891,300	\$3,237,700	\$4,125,500
Cost of Goods Sold	\$1,399,500	\$2,395,900	\$3,052,900
Gross Profit	\$491,800	\$841,800	\$1,072,600
Total Expenses	\$661,900	\$811,300	\$867,500
Net Income (Loss)	(\$170,100)	\$30,500	\$205,100

Conclusion

This study concludes that the town of Elmore will support a new 8,000 sq foot grocery store, though we project it will not show an operating profit until year 4. Projected losses for the first three years are due principally to initial startup costs and the need to implement community engagement strategies.

This study demonstrates how small towns may be able to advance the quality of life for residents by partnering with economic development agencies such as CARPDC.

Methodology & Data Collection

1 Initial Assessment of Interest

Southeast Research conducted a town hall meeting for the city of Elmore with the objective of determining overall interest in securing ready access to fresh food through the opening of a local grocery store. The findings of the meeting confirmed a definitive interest amongst the citizens.

2 Analysis of Published Data

In order to further estimate demand, Southeast Research reviewed published census tract and block data to have a more defined understanding of income and population statistics for the area. The U.S. Department of Labor's Survey of Consumer Expenditures was also consulted to provide a basis for estimating grocery store sales potential for the area.

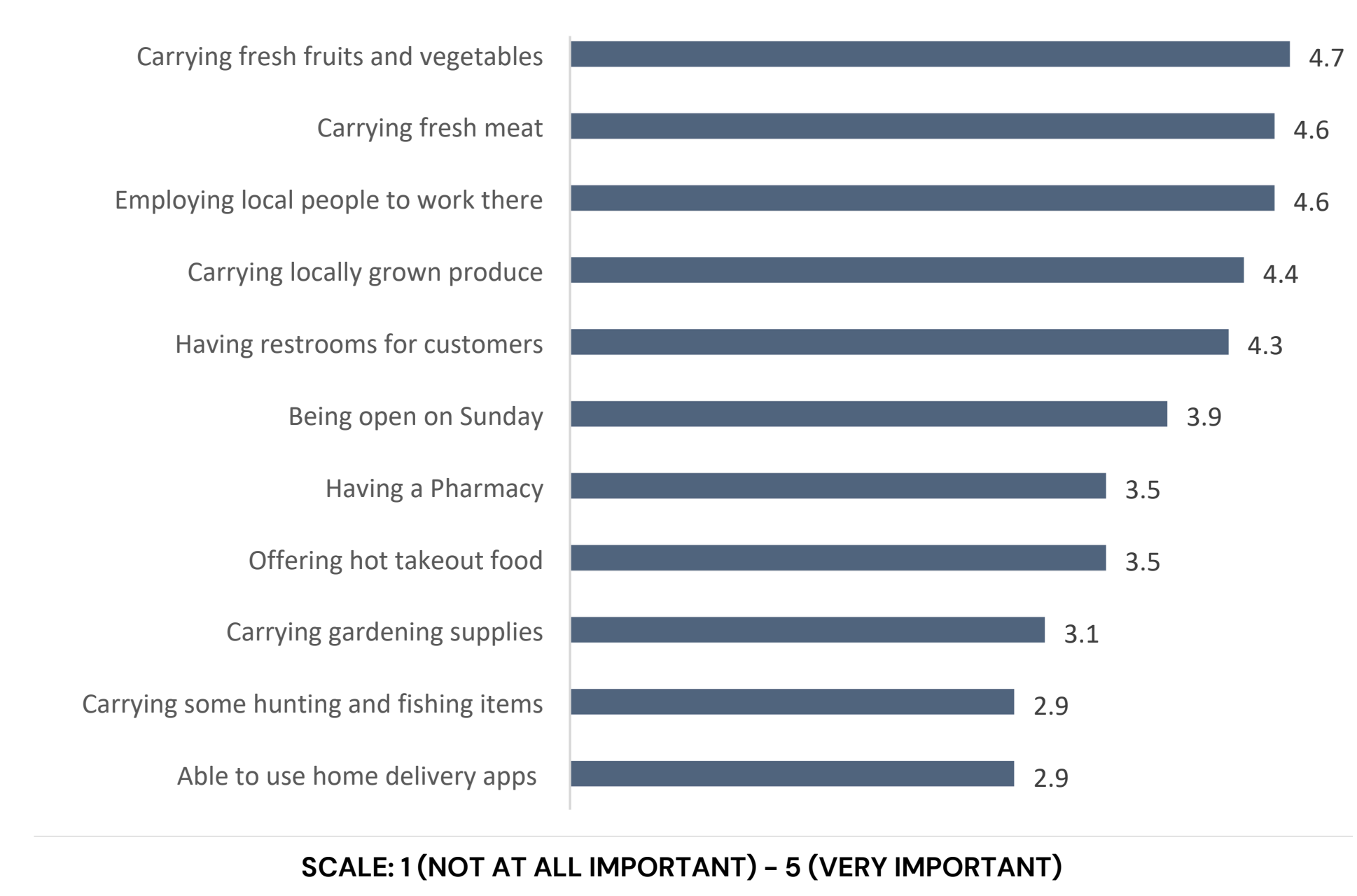
3 Competitive Assessment

An in-person inventory assessment was conducted by visiting all establishments that sold food items in Elmore and the immediate surrounding area. The intention was to catalog existing fresh-food items in the area to understand both what the community already had access to, but most importantly what they were in need of. This assessment verified what was already suspected: residents of Elmore were living in an area deficit of fresh food.

4 Survey of Area Households

A phone survey was conducted with area households to identify the following: where residents were purchasing their food at the time; the importance of selected characteristics they wanted in a grocery store; their likelihood of patronizing a local grocery store; identification of selected lifestyle factors; and their preferences for the potential location of a new store. The survey data was instrumental in estimating the market capture percent for a new grocery store in Elmore.

Importance of Selected Grocery Store Selection Factors



Town of Elmore Trade Area Population & Income Analysis

	2025	2026	2027	2028	2029	2030
Trade Area Population	4,411	4,493	4,576	4,661	4,748	4,836
Number of Households	1,697	1,728	1,760	1,793	1,826	1,860
Average Household	\$76,232	\$78,238	\$80,267	\$82,340	\$84,501	\$86,691
Per Capita Income	\$29,328	\$30,090	\$30,872	\$31,675	\$32,498	\$33,343
Total Consumer Income	\$129,365,808	\$135,194,370	\$141,270,272	\$147,637,175	\$154,300,504	\$161,246,748

Likelihood of Residents Shopping at Proposed Store

