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A2E

Ethnic Retail Analysis



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&

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Presentation Overview

- Research Objectives and Methods
- New Orleans Village de L'Est
 - Analysis and findings
 - Retail business opportunities and options
 - Discussion

East Biloxi

- Analysis and findings
- Retail business opportunities and options
- Discussion
- Best ways to grow local ethnic retail firms & jobs
 - Next steps

Research Objectives

- ❑ Identify promising market opportunities to for business start-ups or existing store expansion
- ❑ Survey customers on shopping habits and preferences
- ❑ Assess local interest and capacity to pursue opportunities
- ❑ Identify options to capitalize on market opportunities
 - Business models
 - Business development role and services

Methods

- ❑ Assess demand by consumer segment for different retail products and businesses
 - Secondary data and local knowledge
- ❑ Estimate sales of existing retail stores
- ❑ Compare demand and supply to identify under supplied retail businesses
- ❑ Customer surveys
- ❑ Interview local business development staff on retail conditions, trends, opportunities
- ❑ Summarize business development models used in community economic development

Methods

Demand Side Analysis

Define market segments

Estimate size & spending for each segment

Sum spending by business type

Local capacity

Supply Side Analysis

Inventory local stores & competition

Informs local market share of spending

Estimate sales by each store type

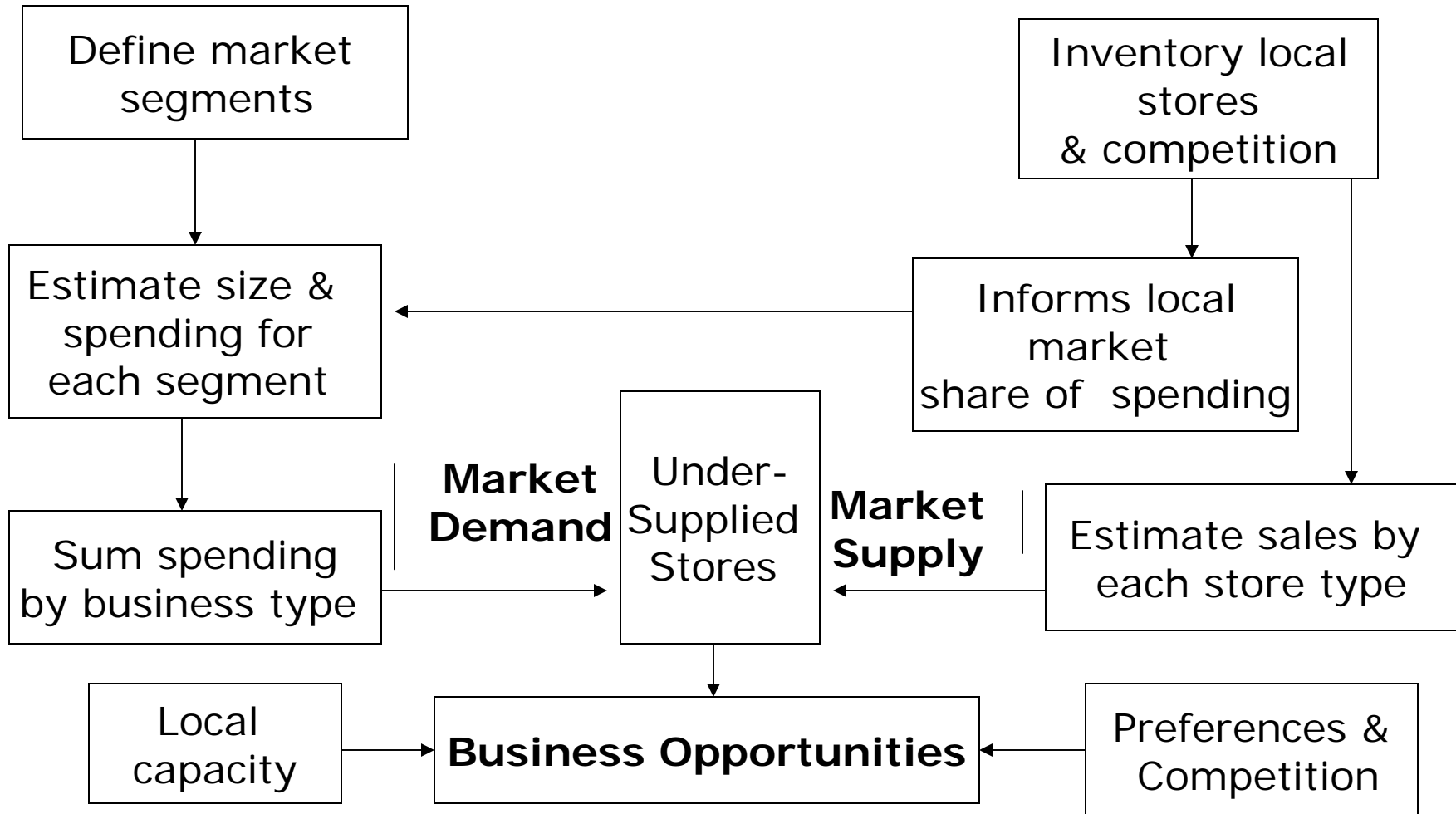
Preferences & Competition

Market Demand

Under-Supplied Stores

Market Supply

Business Opportunities



Village de L'Est Market Demand

- Three Key Segments
 - Local households
 - 1,857 Vietnamese and 625 other households
 - Estimated annual income of \$122 million
 - Regional Vietnamese-American households
 - 3,167 households
 - \$223 million in annual income
 - Area employees
 - Over 2,900 workers in industrial area
 - Estimated local spending: \$5.7 million yearly
- Tourists not yet source of local demand

Village de L'EST Retail Spending by Product and Customer Segment (\$ millions)

Product Category	Local Residents	Reg Viet Residents	Workers	Total
Food at home	\$10.02	\$17.17	\$.73	\$27.92
Eating out	\$6.96	\$11.82	\$4.39	\$23.17
Housekeeping Supplies	\$1.71	\$3.12	\$.15	\$3.48
Personal Care Products	\$1.59	\$2.90	\$.15	\$4.64
Clothing	\$4.89	\$9.14	---	\$14.03
Home Furnishings	\$4.27	\$7.80	---	\$12.07
Liquor & Tobacco	\$2.32	\$4.01	\$.29	\$6.62

Village de L'Est Retail Supply

- 50 stores with 103,000 square feet¹
 - \$21.75 million in estimated sales
- 26 are food related:
 - 58% of total space:
 - 7 grocery stores
 - 4 convenience
 - 10 restaurants

Store Type	Estimated Local Sales
Grocery	\$7.94 million
Convenience	\$1.20 million
Bars & Cafes	\$1.32 million
Restaurants	\$4.01 million
Pharmacies	\$1.07 million
Furniture	\$1.29 million
Other	\$4.92 million

¹ Store sizes estimated based on averages for store type

Village de L'Est Retail Competition

- Moderate competition in groceries
 - 1 major supermarket within 5 minute drive
 - 3 other independent grocers within 5 to 6 miles
 - Several Asian/Vietnamese groceries on West Bank
- Three competing pharmacies within 5 minutes
- Clothing: Strong regional but few local competitors
 - Three malls in Metairie & Gretna 15 + miles
 - 7 department stores and 70+ clothing stores
 - Several Wal-Mart stores 12 to 15 miles away
- Home Furnishing:
 - Near by Home Depot
 - Multiple stores in Slidell and Chalmette, West Bank malls
- A dozen Vietnamese restaurants in West Bank and elsewhere in New Orleans

Estimating Sales by Store Type- Preliminary

- Use market share estimates for each segment:
 - Local Vietnamese residents: 60% market share for groceries, 40%-dining, 50% to 75% other convenience items, 20% for clothing and home furnishings.
 - Non-Vietnamese: 20% groceries, 20% of dining, 50% other convenience items, 20% clothing & home items
 - Regional Vietnamese population: 25% for groceries and eating out, 5% for clothing and home furnishings
 - Workers: 75% of dining, 25% for convenience items
- Allocate product spending across store types
 - Groceries: 61% in supermarkets, 12% independent grocers, 5% convenience stores, 10% mass merchandisers, 12% other

Village de L'Est: Local Spending by Key Store Types

Store Type	Estimated Local Demand
Supermarket	\$7.0 million
Independent Food	\$1.23 million
Convenience	\$933,000
Restaurants	\$8.77 million
Clothing Stores	\$716,000
Home Furnishings	\$669,000
Pharmacy	\$1.43 million

Village de L'Est Findings: Undersupplied Stores

<u>Store Type</u>	<u>Demand</u>	<u>Supply</u>	<u>Sales Gap</u>	<u>Support SQ FT</u>
Grocery	\$9,164,000	\$7,575,000	\$1,589,000	5,100
Restaurants	\$8,771,000	\$5,329,000	\$3,442,000	18,100
Clothing	\$716,000	\$605,000	\$111,000	740
Home Furnishing	\$669,000	\$1,291,000	(\$622,000)	0
Pharmacy/ Drug Store	\$1,432,000	\$1,071,000	\$361,000	1,200

Village de L'Est:

Consumer Surveys and Interviews

- Customers shop often for multiple goods and services
 - Majority of local & regional customers shop at least weekly
 - Primary shopping area for > 75% of local residents for Vietnamese groceries, restaurants, and personal services
 - Main area for ½ of reg. shoppers for Viet dining & groceries
- Businesses catering to diverse customers are doing well
 - Restaurants and services for area workers
 - Grocery stores and restaurants serving Latinos
- Most new business proposals are service related:
 - Foot massage, dance studio, hair salon, real estate
- Area rated well for quality & selection of Viet goods but got low marks for cleanliness, appearance and safety
- Strong customer interest in more:
 - Large Vietnamese supermarkets
 - Vietnamese and American restaurants
 - Super centers (e.g., Wal-Mart)

Village de L'Est Findings: Local Capacity and Preferences

- ❑ New generation of younger residents interests in starting businesses
- ❑ MQVN technical assistance capacity and connections to lenders
- ❑ Local business association
- ❑ Business new financial management and marketing expertise
- ❑ Need to improve area image, especially around public safety and appearance
- ❑ Area's "brand" is strongest as Vietnamese food destination
- ❑ Consumer desire for more Vietnamese retail and large format retail

Village de L'Est Findings: Business Opportunities

- Restaurants
 - Family-oriented Vietnamese
 - American chain restaurants and fast food
- Café offering premium coffee and social gathering place
- Expansion of grocery stores to attract regional Vietnamese customers
- Services for local residents and workers
 - Laundry/dry cleaning, banking, day care
- Stores catering to younger residents
 - Fitness center, bridal shop,
 - Café/boba/Vietnamese sandwich shop

Small Retailer Financial Performance

	Home Furn.	Elect. & Appl.	Food & Bev.	Rest.	Per Serv. /Laundry
Avg. Sales	236,000	556,000	754,000	623,000	309,000
Avg. Assets	143,000	124,000	131,000	124,000	86,000
Prop & Equip.	26,000	17,000	34,000	54,000	36,000
Net Worth	50,000	39,000	41,000	35,000	28,000
Profit %	4.1%	6.5%	2.8%	6.5%	10.1%
Return on Assets	23%	30.5%	18.1%	34.5%	38.2%

Business Development Options

- ❑ Direct individual business start-ups to promising opportunities
 - Intensive training on restaurants, child care
- ❑ Work with existing businesses to expand
- ❑ Improve performance of existing stores
- ❑ Shared food court or marketplace for smaller scale enterprises (Mercado)
- ❑ CDC-initiated or jointly owned enterprise
 - Coffee shop, child care center
- ❑ Retail/shopping center development
 - Potential for larger scale destination retail
- ❑ Continue marketing and market development work

Discussion

- Do assumptions and results seem right?
- Reaction to retail business opportunities?
- What are best options to:
 - Promote new businesses?
 - Stabilize and grow existing businesses?
- What are ethnic retail development priorities and next steps for A2E?

Biloxi Market Demand

□ Four Key Segments

- 7,000 local population
 - 394 Vietnamese households ; 2,143 other households
 - Estimate total annual income of \$67.7 million
- Regional Vietnamese-Americans
 - 5,928 population; 1,793 households
 - Estimated total income of \$69.6 million
- 17,900 area employees, pre-Katrina
 - Estimated \$22 million annual local spending
- Biloxi tourists
 - \$1 billion annual spending
 - \$337 million for meals and shopping

Biloxi: Retail Spending by Product and Customer Segment (\$ millions)

Product Category	Local Resid.	Reg Viet Resid.	Workers	Tourists	Total
Food at home	\$5.96	\$6.12	\$4.50	\$0	\$16.56
Eating out	\$3.59	\$3.69	\$13.4	\$224	\$244.92
Housekeeping Supplies	\$.948	\$.97	\$.89	\$0	\$2.82
Personal Care Products	\$.880	\$.90	\$.89	\$0	\$2.68
Clothing	\$2.71	\$2.78	\$0	\$0	\$5.49
Home Furn.	\$2.17	\$2.23	\$0		\$4.40
Liquor & Tobacco	\$1.29	\$1.32	\$1.79		\$4.40
Gen shopping				\$112.6	\$112.6

East Biloxi Retail Supply

- 14 stores with 28,000 square feet
 - \$6 million estimated total sales
- 7 are food related:
 - 67% of total space:
 - 1 grocery store
 - 4 convenience
 - 3 restaurants

Store Type	Estimated Local Sales
Independent Food	\$934,000
Convenience	\$1,780,000
Restaurants	\$1,460,000
Pharmacy	\$621,000
Liquor	\$934,000
Other	\$849,000

East Biloxi Retail Competition

- Strong competition in grocery
 - 2 major supermarkets with 10 minute drive
 - 4 other Asian grocers in region; 2 local grocers
- Many competing Pharmacies
- Clothing: Edgewater Mall within 6 miles
 - 4 department stores and 26 clothing stores
 - 2 more large malls in Gulfport (17 miles)
- Less competition in home furnishings
 - 1 major and 1 smaller store within 5 miles
 - Dept stores and Home Depot 7 miles away
- 3 Vietnamese and 7 other Asian restaurants

Estimating Sales by Store Type

- Use market share estimates for each segment:
 - Local Vietnamese residents: 50% for groceries, 25% to 50% other convenience items, 10% for clothing and 15% for home furnishings, 20% dining
 - Local Non-Vietnamese: 25% groceries, 10% of dining, 25% to 50% convenience items, 10% clothing, 15% home furn.
 - Regional Vietnamese population: 20% for groceries, 20% dining, 5% for clothing, 10% home furnishings
 - Workers: 10% of dining; 25% of convenience items
 - Tourists: 1% of dining
- Allocate product spending across store types
 - Groceries: 61% in supermarkets, 12% independent grocers, 5% convenience stores, 10% mass merchandisers, 12% other

Retail Spending Key Store Types

Store Type	Estimated Local Demand
Supermarket	\$3,150,000
Independent Food	\$532,000
Convenience	\$486,000
Restaurants	\$4,737,000
Clothing Stores	\$205,000
Home Furnishings	\$337,000

Biloxi Findings: Undersupplied Stores

<u>Store Type</u>	<u>Demand</u>	<u>Supply</u>	<u>Sales Gap</u>	<u>Support SQ FT</u>
Grocery	\$4,168,000	\$2,714,000	\$1,454,000	4,700
Restaurants	\$4,737,000	\$1,460,000	\$3,277,000	16,400
Clothing	\$205,000	\$0	\$205,000	1,400
Home Furnishing	\$337,000	\$0	\$337,000	2,100
Pharmacy/ Drug Store	\$635,000	\$621,000	\$14,000	0

Biloxi:

Consumer Surveys and Interviews

- ❑ Shift of residents and businesses to D'Iberville and Ocean Springs
- ❑ Survey customers use area for grocery and restaurants
- ❑ Health businesses and restaurants doing well
- ❑ New business proposed:
 - Restaurant, bar, nightclub, real estate development
- ❑ Good potential seen for more restaurants
- ❑ Perception challenges for Oak Street
 - Safety, sense that area is not active
 - Customers rate area well for quality and selection of Vietnamese goods and services
- ❑ Strongest customer interest in more grocery stores/restaurants

Biloxi:

Local Capacity and Preferences

- Businesses face multiple challenges
 - High costs, shifting market, perception of area
- Entrepreneurs lack business expertise and business development resources limited
 - Need for business planning, finance and marketing assistance
- Area's "brand" is strongest as Vietnamese food destination
- Consumer desire for more retail diversity
 - More American and Vietnamese options
 - More variety of stores and restaurants

Biloxi Findings:

Business Opportunities

- Restaurants present strongest opportunity
 - Largest level of spending and retail gap
 - Serves many market segments
 - Builds on area strength
- Some potential for grocery store
 - Larger size and good quality
- Comparison retail difficult but may be feasible with careful business planning
 - Furniture/home supply –requires large spaces
 - Clothing least feasible with area malls
- Non-retail: construction and development

Business Development Options

- ❑ Direct start-ups to most promising businesses
 - Training on restaurant/grocery store planning and operations
- ❑ Target successful existing businesses to expand or open start new stores
 - Obtain food service concession in casinos
- ❑ Area marketing and improvements
 - Partnerships to attract tourists
- ❑ Expand geographic focus to address shift to D'Iberville and Ocean Springs
- ❑ Food court for small fast food enterprises
- ❑ CDC-initiated or jointly owned enterprise
- ❑ Shopping center development

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