



Feasibility Study for the **TOWN OF BRIDGEWATER, VIRGINIA** **GROCERY STORE**

delivered November 21, 2022

This analysis was developed by
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HAFEZICAPITAL
International Consulting & Investing

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THE TOWN OF BRIDGEWATER, VIRGINIA

Grocery Store Feasibility Study November 21, 2022

On July 7, 2022, Hafezi Capital LLC (hereafter "Hafezi Capital") entered into a services contract with the Town of Bridgewater (hereafter "TB") to perform a 120-day feasibility study (hereafter "Feasibility Study") commencing on July 13, 2022, for the potential development of a national grocery store (hereafter "Supermarket") in the Town of Bridgewater. The contract authorized Hafezi Capital to undertake the study in accordance with the agreed scope of work and substantially in conformance to the table of contents presented on the following page.

The objective of this study is to demonstrate whether the Supermarket, as envisioned by TB, can be expected to generate the return on the investment required by the large grocery stores to be sustainable within the town. To accomplish this, local and regional market parameters for the grocery industry and representative costs for facilities, equipment, technology, and professional services have been researched and documented.

While this Feasibility Study includes limited commentary on the possibility of financing, construction and preoperational costs, legal/regulatory issues, and tax/accounting issues, this information is provided for context and gives a general assessment of the potential impact on shareholders. This Feasibility Study should not be considered an exhaustive analysis of these topics.

INTRODUCTION TO HAFEZICAPITAL

Hafezi Capital is a provider of third-party Feasibility Studies and Market Entry Analysis to clients worldwide. Hafezi Capital is operated by a team of accomplished business professionals with over eleven years of experience in business structuring, financial modeling, and capital raising. Hafezi Capital assists clients in evaluating new business opportunities, developing business models, and creating lasting business models that optimize existing and future operations. Hafezi Capital was founded in 2009 to respond to the demand for in-depth financial and managerial services within small and medium business sectors.

HafeziCapital understands the many challenges facing businesses in today's fast-paced and competitive climate. Since its inception in 2009, the Hafezi Capital team has consulted for more than 150 clients and developed hundreds of feasibility studies, market research, and financial models, both in the United States and Internationally. HafeziCapital financial models are conservative in nature. Our models use baselines derived from industry-standard data sets, and we structure our forecasts in a conservative format. HafeziCapital has developed extensive studies for banking institutions, Private Equities, Venture Capital firms, and regional and central Governments.

About Babak Hafezi, MA MBA: Mr. Hafezi's advice is actively sought by leading global corporations. Organizations such as Morgan Stanley Private Wealth Management sought his advice on the Groupon Initial Public Offering (IPO). Clients include but are not limited to luxury Jeweler Cartier, LVMH, Montblanc, AirBus, John Deere, GameStop, and a large number of small and medium enterprises, Private Equities, Angel Investors, Family Offices, Ultra-High Net Worth Individuals, and Venture Capital firms. His extensive experience in structuring and financial modeling for new projects has led to the development of a vast number of Feasibility Studies and Financial Models for projects in the United States, China, the Middle East, and Europe. His extensive and in-depth analytical research and project assessment ability have made him a sought-after leader in packing critical projects for governments worldwide. His Feasibility Studies have been used by institutions such as the World Bank, Governments, non-governmental institutions, and the private sector.

Mr. Hafezi is a sought thought leader and has been extensively quoted in Forbes, Fortune Magazine, CBS Moneywatch, Bloomberg, Investors Business Daily (IBD), Minyanville, and leading industry publications. He has been quoted as a subject matter expert in technology commercialization, business modeling, mergers and acquisitions, and international business entry.

Mr. Hafezi obtained a Bachelor's degree in International Relations (Latin Honors) with a focus on Middle Eastern Studies and a Masters's (M.A.) in International Peace and Conflict Resolution from the School of International Studies at the American University in Washington D.C. (a top ten national program). Mr. Hafezi subsequently obtained a Master's in Business Administration (MBA) from the Kogod School of Business at the American University. Mr. Hafezi received a post-graduate certification in Strategy Development from the Sloan School of Management, and the Massachusetts Institute of Technology (MIT) in Cambridge, Massachusetts. Mr. Hafezi is currently pursuing a Certification in Financial Modeling and Valuations Analysis (FMVA) from the Corporate Finance Institute (CFI).

Mr. Hafezi is also an Adjunct Professor of International Business and Global Entrepreneurship at the Kogod School of Business at the American University. He teaches undergraduate and graduate programs (top twenty program nationally) in entrepreneurship, business modeling, finance, strategy, and international market entry. He has been recognized by students and the University for his achievements in the classroom.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

The client, The Town of Bridgewater (hereafter "Bridgewater," "Project," "Town," or "Grocery Store"), is looking at the Feasibility of bringing a Grocery Store to the Town of Bridgewater. The Town has two potential sites for this Project. Hafezi Capital recommends the Site at Turner Ashby Drive to be a good location for the Supermarket (hereafter "Project Site"). The Lot is composed of street frontage and is located on North Main Street close to John W. Wayland Elementary School and Turner Ashby High School. This section of North Main Street has an annual average daily traffic flow of 20,000 cars, making it a bustling street and an excellent location for the Grocery store. Furthermore, the area has existing traffic infrastructure in the form of two lanes each way, turn lanes, and ample access to the intersection. The Site is close to a residential area and easily accessible from all areas of the Town via Route 42. The prospective Project Site is on a 7.99-acre Lot (hereafter "Lot"), which is available for sale for \$1,750,000.00. The Lot is raw land that needs to be developed into a shipping center. The Lot is currently classified as a commercial lot that can be developed and converted into the Grocery Store (see Appendix "Ariel View of Land.") The zoning for the land is B-1 and B-2 - Commercial Lots, which are Commercial recreation establishments, among other commercial uses. The Site will not require re-zoning, given that the zoning is by right. The Project will develop a raw lot of land into an up to 25,000-square-foot single-story shopping center with outdoor parking.



Executive Summary: Proposed location for grocery store at Turner Ashby Drive.

THE TOWN OF BRIDGEWATER, VIRGINIA

The Town of Bridgewater, Virginia, is located along the southern border of the county of Rockingham, in Virginia. The area encompasses 2.4775 square miles with a population of 6,596 and is the 168th largest city in Virginia (see appendix "Location of the Town of Bridgewater, VA"). The Town of Bridgewater is growing at a rate of 1.42% annually, with a population density of 2.6185 per mile. The Population of the Town is **6,177**, with the population growing during the Fall and Spring semesters to **7,604** people, given the presence of Bridgewater College. The median age in the Town is 31.8 years old, with the average male age of 31.4 years of age and the average female age of 33.8 years of age. The Town is a hub for education, Health Diagnostics, Food Preparation, Personal Care, Manufacturing, Sales, and Office Administration. The Town is home to Bridgewater College, a Perdue processing plant, a Marshall's clothing distribution facility, and near the Town, a Cargill food processing facility and a Dannon food facility. In 2020, the median property value in the Town was \$255,100, and the homeownership rate was 64.2%, higher than the national average of 64.1%. The largest share of households in the Town has a property value in the \$300k to \$400k range. Between 2019 and 2022, the median property value increased from \$234,300 to \$255,100, an 8.88% increase. Most people in Town drove alone to work, and the average commute was 15.9 minutes. The Town is located within five miles of Harrisonburg (county seat), 25 miles from the City of Staunton, 60 miles from Charlottesville, and 75 miles from the City of Winchester. The Washington D.C. and Richmond metropolitan areas are within a two-and-one-half-hour drive.

NEARBY CITIES

The largest city near the Town is Harrisonburg, Virginia, the home of James Madison University (hereafter JMU"). Harrisonburg is dependent on JMU for most of its economic growth. JMU has a yearly enrollment of 20,346 undergraduate students and 1,878 graduate students totaling 22,224 students. The City of Harrisonburg had a population of 51,430 in 2021, having grown 5.14% from 2010. Staunton City, Virginia, is another city near Bridgewater, with a total population of 25,661, composed of 10,638 households, with a median household income of **\$52,292.00** (see appendix "Harrisonburg-Staunton-Waynesboro, VA CSA"). Waynesboro City, Virginia, is another city close to Bridgewater, with a total population of 22,550 and 9,169 households with a median household income of **\$43,480.00**. Augusta County, the county directly south of Bridgewater, has a total population of 77,563 people, composed of 30,165 households, with a median household income of **\$65,076.00**. The area presents a great opportunity given its high-income levels, similar to urban areas in the northern parts of the Commonwealth of Virginia, with a low cost of living typical of non-urban areas.

REGIONAL ECONOMY

Bridgewater has a diverse economy heavily anchored by education, food preparation and serving-related occupation, production occupation, health diagnostics, manufacturing, sales, and office administration. The economy of the Town employs **2,900** people. The largest industries in Bridgewater are Educational Services (662 people), Health Care and Social Assistance (487 people), and manufacturing (385 people), and the highest paying industries are Health Care & Social Assistance (\$70,914), Information (\$49,286), and Public Administration (\$44,844). Compared to other places, the Town has an unusually high number of residents working in Personal Care & Service Occupations (2.78 times higher than expected), Life, Physical, & Social Science Occupations (2.16 times higher than expected), and Health Diagnosing & Treating Practitioners & Other Technical Occupations (1.87 times higher than expected). The highest-paid jobs held by residents of the Town, by median earnings, are Architecture & Engineering Occupations (\$101,583), Health Diagnosing & Treating Practitioners & Other Technical Occupations (\$90,580), and Healthcare Practitioners & Technical Occupations (\$90,480).

Given its proximity to the key institutions of higher learning, the most common jobs held by the Town's residents, by the number of employees, are Education Instruction, & Library Occupations, Food Preparation & Serving Related Occupations, and Health Diagnosing & Treating Practitioners & Other Technical Occupations. In 2020, Bridgewater College awarded 437 degrees to its graduating student body. The student population of Bridgewater College is estimated at 1,427 undergraduate students, with a 1 to 1.20 male-to-female student ratio (725 male students and 872 female). Bridgewater College is a significant economic engine for the Town, increasing its population by 21.3% for thirty-two weeks each year. During the Fall and Spring semesters, the population size of the city grows to **7,604** people within the college scholastic year.

REGIONAL DEMAND

Based on the Regional Analysis undertaken by HafeziCapital, the Town and its surrounding areas, specifically the southern part of Harrisonburg, Staunton City, and Waynesboro City, have enough population to drive demand forward for this Project.¹ It is estimated that these key cities will have a total population of **XXXXXX** people, composed of **XXXXXX** households, with a median household income of **\$65,076.00**.² The area presents a great opportunity given its high-income levels, similar to a suburban area, with a low cost of living typical of non-urban areas. Furthermore, Median Household Income is **\$62,585**, which correlates with higher-middle-income residents with disposable income, a critical success factor for spending habits in the Grocery store industry. The Average Home Value within the region is \$246,270, with a ratio of 64.2% homeowners to 35.8% renters. The Project's geographic location, given its ease of accessibility from Bridgewater and cities nearby, provides an additional layer of Project success.

PROJECT DEVELOPMENT SUMMARY

The Grocery Stores will be a one-story up to 25,000 square-foot or less building on an **0.4636**-Acre parcel. The Project's total development cost is estimated to be **\$3,439,861.00**. Within our model, the estimated Construction Cost is **\$256.88** a square foot for 20,000 square foot facility, land, building, parking lots, and all the necessary building licenses and land analysis with a Hard Construction cost of **\$2,000,000.00** and a Soft Construction Cost of \$68,750.00 with \$25,000.00 of Project Contingency Costs. The Total Buyers equity will be **\$1,800,000.00** (land equity minus debt). The land has an outstanding loan of **\$1,750,000.00** which will be included in the loan for redevelopment. The land's estimated current value is \$2,300,000.00. The Loan-to-Value (LTV) of the Project would be **62.21%**, well below the baseline requirements set forth by the Small Business Administration Loan of 80%. The Project would require Grocery Stores equipment cost of **\$500,000.00**. The Operations Expenses are, among other things, training and inventory necessary to open operations at \$58,836.96. The Working Capital essential to open the Grocery Store is \$300,091.00.

GROSS REVENUES

The financial model took each section's revenues and estimated a growth rate of 3%. The Grocery Store concept is unique in that Bridgewater has limited retail space and currently only has one smaller Grocery Store. Nearly all households purchase some, if not most, of their products from a larger format Grocery Store in nearby cities, thus developing a competitive advantage for the overall Project. Given the region's economic strength and the prospect of growth within the critical demographics within the area, we believe that these estimates are a very conservative measure of the potential financial activity for the Project. As per the below table, the Revenue Forecast Per Segment is projected to be **\$4,009,742.54** for Year 1, growing to **\$5,279,572.33** by Year 5 of operations.

Executive Summary: Gross Revenue Forecast per Segment

	Year 1	Year 2	Year 3	Year 4	Year 5
Fresh and Frozen Meat	\$499,576.96	\$535,146.84	\$573,249.29	\$614,064.64	\$657,786.05
Fruit and Vegetables	\$408,634.29	\$437,729.05	\$468,895.36	\$502,280.71	\$538,043.10
Bakery Goods & Prepared Foods	\$357,207.25	\$382,640.41	\$409,884.40	\$439,068.17	\$470,329.83
Beverages	\$172,864.00	\$185,171.92	\$198,356.16	\$212,479.12	\$227,607.63
Dairy and Egg Products	\$160,142.29	\$171,544.42	\$183,758.38	\$196,841.98	\$210,857.13
Frozen Foods	\$107,202.69	\$114,835.52	\$123,011.81	\$131,770.25	\$141,152.29
Other Foods	\$1,568,767.81	\$1,680,464.08	\$1,800,113.12	\$1,928,281.17	\$2,065,574.79
Other Non-Food Items	\$735,347.25	\$787,703.97	\$843,788.50	\$903,866.24	\$968,221.51
Total Revenue	\$4,009,742.54	\$4,295,236.21	\$4,601,057.03	\$4,928,652.29	\$5,279,572.33

GROSS OPERATING EXPENSES

The **Cost of Goods Sold** is measured at between 55% to 56% for each year, given the high inventory requirement. The Cost of Good will go from \$2,205,358.40 in year 1 to \$2,956,560.50 by year 5. **Salary and Wages** were configured for 25 full-time employees, focusing on management, cleaning, stocking, prepping, and customer service. **Selling, General, and Administrative Variable Expenses** are expenses such as electricity, marketing, and the upkeep of equipment and materials. Variable Expenses may vary based on the year and the various forms of services provided. **Selling, General, and Administrative Fixed Expenses** are associated with insurance, phone, internet, and similar costs. The total expenses for **year 1** are estimated at **\$3,338,504.84**, growing to **\$4,502,571.27** by **year 5**. The Gross Operating Expenses Chart presents the projected expenses for the coming five years.

Executive Summary: Gross Operating Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5
Cost of Goods Sold	\$ 2,205,358.40	\$ 2,362,379.91	\$ 2,530,581.36	\$ 2,710,758.76	\$ 2,956,560.50
Salary and Wages	\$ 812,367.04	\$ 885,480.07	\$ 929,754.08	\$ 957,646.70	\$ 986,376.10
SG&A Variable Expenses	\$ 160,389.70	\$ 171,809.45	\$ 184,042.28	\$ 197,146.09	\$ 211,182.89
SG&A Fixed Expenses	\$ 40,097.43	\$ 42,952.36	\$ 46,010.57	\$ 49,286.52	\$ 84,473.16
Credit Card Processing	\$ 120,292.28	\$ 128,857.09	\$ 138,031.71	\$ 147,859.57	\$ 158,387.17
Total Expenses	\$ 3,338,504.84	\$ 3,591,478.89	\$ 3,828,420.00	\$ 4,062,697.64	\$ 4,396,979.83

GROSS PROFIT

Our Gross Profit modeling and analysis show that the Project will see a positive under strong management in Year 1. Our forecast showed a Gross Profit of **\$871,724.83**. The second-year stabilized Gross Profit would increase to **\$918,519.13**. Our model estimates that the Gross Profit for Year 5 would be **\$1,178,248.55**. The Gross Profit as a percentage would increase from 21.74% in Year 1 to 22.32% by Year 5.

Executive Summary: Gross Profit

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$ 4,009,742.54	\$ 4,295,236.21	\$ 4,601,057.03	\$ 4,928,652.29	\$ 5,279,572.33
Total Expenses	\$ 3,138,017.71	\$ 3,376,717.07	\$ 3,598,367.15	\$ 3,816,265.03	\$ 4,101,323.78
Gross Profit	\$ 871,724.83	\$ 918,519.13	\$ 1,002,689.87	\$ 1,112,387.26	\$ 1,178,248.55
Gross Profit %	21.74%	21.38%	21.79%	22.57%	22.32%

PROJECT PROFITABILITY

In year 1, the Project will have a positive EBITDA income of **\$671,237.70 with Net Earnings of \$101,592.71**, increasing to a sustainable EBITDA of **\$703,757.32** by year 2. Our model incorporated a Depreciation Rate on the re-development of commercial property based on the 39 years allotted by the Internal Revenue Service for commercial projects. Our model also included a Federal Corporate Tax Rate of 22%. As the Project increases its visibility, engagement will grow to a sustainable positive EBITDA of **\$1,268,198.43 in year 5**. Net Earnings will grow from **\$101,592.71** in year 1 to **\$567,222.08** by year 5. The Project Profitability chart below presents the overall assumptions and profitability of the Project for the coming five years. The Analysis also looked at Selling, General, and Administrative Expenses (SG&A) of \$200,487.13 for year 1, increasing to \$295,656.05 by year 5. The model also incorporated the annual Interest only Payment for the loan of **\$451,040.76 per year**. Based on our financial and economic Analysis HafeziCapital maintains that the operational cashflows developed by this Feasibility show that the Project is viable and has a strong chance of success. Our Financial model is conservative.

Executive Summary - Project Profitability

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$ 4,009,742.54	\$ 4,295,236.21	\$ 4,601,057.03	\$ 4,928,652.29	\$ 5,279,572.33
Cost Of Goods Sold	\$ 3,138,017.71	\$ 3,376,717.07	\$ 3,598,367.15	\$ 3,816,265.03	\$ 4,101,323.78
Gross Profit	\$ 871,724.83	\$ 918,519.13	\$ 1,002,689.87	\$ 1,112,387.26	\$ 1,178,248.55
Depreciation	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88
SG&A	\$ 200,487.13	\$ 214,761.81	\$ 230,052.85	\$ 246,432.61	\$ 295,656.05
Interest Only Commercial Loan	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76
Earnings Before Taxes	\$ 130,247.06	\$ 162,766.69	\$ 231,646.39	\$ 661,346.50	\$ 727,207.79
Taxes at 22%	\$ 28,654.35	\$ 35,808.67	\$ 50,962.20	\$ 145,496.23	\$ 159,985.71
Net Earnings	\$ 101,592.71	\$ 126,958.02	\$ 180,684.18	\$ 515,850.27	\$ 567,222.08
EBITDA	\$ 671,237.70	\$ 703,757.32	\$ 772,637.02	\$ 997,728.99	\$ 1,268,198.43

FINAL RECOMMENDATION

Based on the market analysis, the Town of Bridgewater survey, and the various conversations with town officials, it is our formal recommendation that the Town focus on a smaller-scale grocery store of less than 25,000 square feet. Based on the analysis of requirements set forth by grocery stores in terms of traffic, location, lot size, and visibility, Hafezi Capital recommends the Site located on Turner Ashby Drive, given its 20,000 average daily traffic count. This Site is optimal given driver and truck accessibility, parking availability, visibility, and close location to current and future residential developments, and its location off Main Street makes it ideal. The forecasted incomes within this Project are very conservative and err on conservative financial outcomes. For the Financial Returns of the operations, we estimate an EBITDA of **\$671,237.70** in year 1 with Net Earnings of \$101,592.71. Our analysis is increasing to a sustainable EBITDA of **\$703,757.32 by year 2**. As the Project increases its visibility, local engagement will increase a sustainable positive EBITDA of **\$1,268,198.43 by year 5** with a Net Earning of \$567,222.08. We conclude that this Project's operational cash flows are feasible given the healthy recurring nature of the business's cashflows and profit margins.

MARKET ANALYSIS



OVERVIEW OF THE TOWN OF BRIDGEWATER, VIRGINIA

The Town of Bridgewater, Virginia (hereafter, "Town" or "Bridgewater") is located along the southern border of the county of Rockingham, in Virginia. The area encompasses 2.4775 square miles with a population of 6,596 and is the 168th largest city in Virginia (see appendix "Location of the Town of Bridgewater, VA"). The Town of Bridgewater is growing at a rate of 1.42% annually, with a population density of 2.6185 per mile. The Population of Bridgewater is **6,177**, with the population growing during the Fall and Spring semesters to **7,604** people, given the presence of Bridgewater College. The median age in the Town is 31.8 years old, with the average male age of 31.4 years of age and the average female age of 33.8 years of age. The Town is a hub for education, Health Diagnostics, Food Preparation, Personal Care, Manufacturing, Sales, and Office Administration. The Town is home to Bridgewater College, a Perdue processing plant, a Marshall's clothing distribution facility, and nearby a Cargill food processing facility and a Dannon food facility. In 2020, the median property value in Bridgewater was \$255,100, and the homeownership rate was 64.2%, higher than the national average of 64.1%. The largest share of households in Bridgewater has a property value in the \$300k to \$400k range. Between 2019 and 2022, the median property value increased from \$234,300 to \$255,100, an 8.88% increase. Most people in Bridgewater drive alone to work; the average commute time is 15.9 minutes. Bridgewater is located within five miles of Harrisonburg (county seat), about 25 miles from the City of Staunton, about 60 miles from the City of Charlottesville, and about 75 miles from the City of Winchester. The Washington D.C. and Richmond metropolitan areas are within a two-and-one-half hour drive.

DEMOGRAPHICS

The Harrisonburg Metropolitan Statistical Area (hereafter "Harrisonburg MSA") demographics have slowly changed in the past ten years (see appendix "Harrisonburg-Staunton-Waynesboro, VA CSA"). The population of Harrisonburg MSA is estimated at 135,524, a growth of 25.26% since 2000.³ The Population of the Bridgewater is 6,177. The Town's population has grown from 5,644 in 2010 and an estimated increase of 9.44%, more than the Commonwealth of Virginia's growth rate of 7.9% in the same timeframe.⁴ In Bridgewater, 89% of the population is White, 5.2% of the population is Black or African American, 4.1% of the population is Hispanic or Latino, 0.50% is Asian, 0.1% is American Indian, 0.1% is Native Hawaiian and Other Pacific Islanders, and 1.8% of the population are composed of two or more races. Gender distribution is female leaning, with 42.53% of the population composed of Males and 57.47% females. The age distribution for the region is as follows; 17.8% of the population is under the age of 18, 55.5% is above the age of 18 to 65, and 20.6% is 65 or older. The median age is 31.8 years old, with an average male age of 31.4 years and an average female age of 33.8 years, which is lower than the U.S. Median age of 38.8 years. The Town has an estimated 1,256 seniors living within its town limits. Bridgewater's High School Graduation rate is 95.2%, higher than the national average of 89.4%. Forty-nine point six (49.6%) percent of the population has a Bachelors's or a Graduate/Professional degree. The average family size in the Town of Bridgewater is 2.96 people. Homeownership in Bridgewater is 64.2%, slightly below the third-quarter 2022 national average of 66%.⁵

Figure 1: Population Demographics in The Town of Bridgewater, Virginia

Race	Total Population	Percentage
White	5,449	89.0%
Black or African American	322	5.2%
Hispanic	253	4.1%
Asian	30	0.5%
American Indian	6	0.1%
Native Hawaiian and Other Pacific Islander	6	0.1%
Two or more Races	111	1.8%
Total	6,177	

The per capita income for Bridgewater is \$30,773, lower than the Virginia per capita income of \$41,255 and the national per capita income of \$35,384.⁶ The Town of Bridgewater's median household income is \$62,585, lower than Virginia's at \$76,398 and the national median household income of \$64,994.⁷ In 2020, the income inequality in Virginia was 0.478, according to the GINI calculation of the wage distribution. Income inequality had a 0.181% decline from 2019 to 2020, which means that wage distribution grew somewhat more even. The GINI for Virginia was lower than the national average of 0.478. In other words, wages are distributed more evenly in Virginia than the national average. There are 2,137 households in the Town, with an estimated 136 employers.⁸

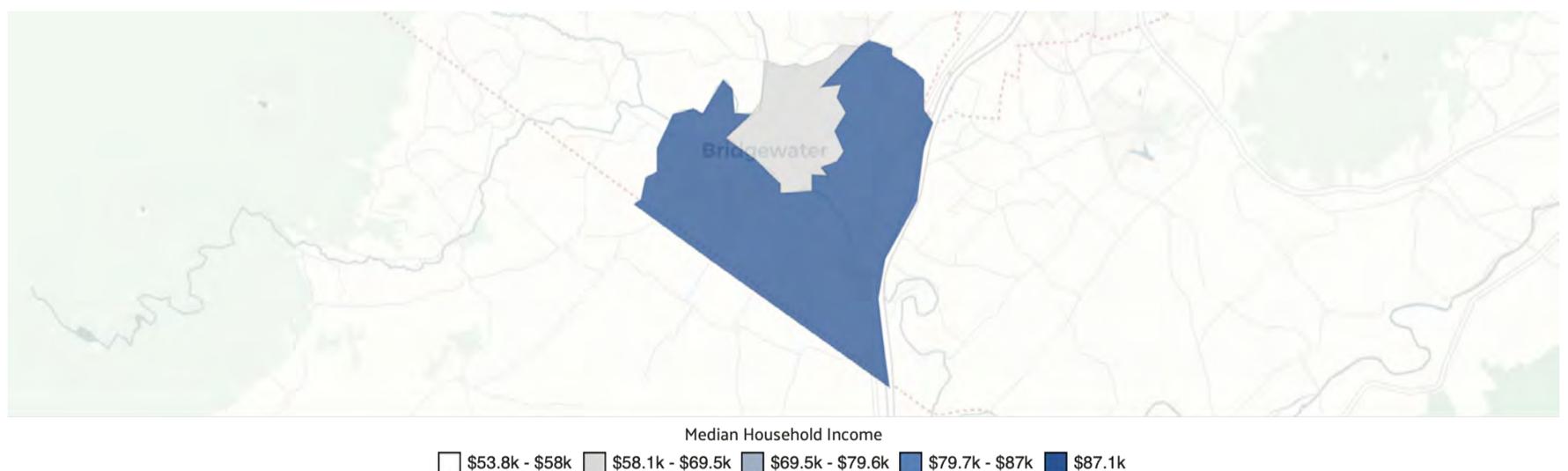


Figure 2: Total Median Household Income by Location in the Town of Bridgewater, Virginia

REGIONAL ECONOMY

Bridgewater has a diverse economy heavily anchored by education, food preparation and serving-related occupation, production occupation, health diagnostics, manufacturing, sales, and office administration. The economy of Bridgewater

employs **2,900** people. The largest industries in the Town are Educational Services (662 people), Health Care and Social Assistance (487 people), and manufacturing (385 people), and the highest paying industries are Health Care & Social Assistance (\$70,914), Information (\$49,286), and Public Administration (\$44,844). Compared to other places, Bridgewater has an unusually high number of residents working in Personal Care & Service Occupations (2.78 times higher than expected), Life, Physical, & Social Science Occupations (2.16 times higher than expected), and Health Diagnosing & Treating Practitioners & Other Technical Occupations (1.87 times higher than expected). The highest paid jobs held by residents of Bridgewater, VA, by median earnings, are Architecture & Engineering Occupations (\$101,583), Health Diagnosing & Treating Practitioners & Other Technical Occupations (\$90,580), and Healthcare Practitioners & Technical Occupations (\$90,480).

Given its proximity to the key institutions of higher learning, the most common jobs held by the residents of Bridgewater, by the number of employees, are Education Instruction, & Library Occupations, Food Preparation & Serving Related Occupations, and Health Diagnosing & Treating Practitioners & Other Technical Occupations. In 2020, Bridgewater College awarded 437 degrees to its graduating student body. The student population of Bridgewater College is estimated at 1,427 undergraduate students, with a 1 to 1.20 male-to-female student ratio (725 male students and 872 female). Bridgewater College is a significant economic engine for the Town, increasing its population by 21.3% for thirty-two weeks each year. During the Fall and Spring semesters, the population size of the city grows to 7,604 people within the college scholastic year.



Figure 3: Employment by Occupation in the Town of Bridgewater, Virginia

Several well-known companies have significant facilities within the city of Bridgewater. Marshalls, part of the TJX Companies, has an extensive distribution facility within downtown Bridgewater (see appendix "Top 35 Employers in the Rockingham County, VA"). The distribution center is part of a critical supply chain hub to deliver new inventory to TJ Maxx, Marshalls, HomeGoods, Sierra, Winners, Homesense, and TK Maxx stores. Based on data from the National Labor Relations Board, the facility has 675 employees.⁹ Perdue also has a plant in downtown Bridgewater. Perdue Foods is part of Perdue Farms, a family-owned company heading into its second century of growth and innovation. The Perdue Foods food processing plant is estimated to hire 470 (in 2018, but with the demand leveled by COVID-19, this number has increased to 500+) employees within Bridgewater.¹⁰

Bridgewater Home, Inc. is another significant employer and a net importer of residents into the Bridgewater community as a nursing and residential care facility. The Company has a Retirement Community in Bridgewater located within the Town of Bridgewater. The Bridgewater Retirement Community is home to 550 residents in four levels of living: Independent Living, Assisted Living, Memory Support, and Nursing Households, which offer both long-term care and rehab facilities. BRC Village, for independent living, offers 269 homes with 69 Assisted Living apartments. Two Memory Support households contain 29 rooms, four large enough to accommodate couples. The Huffman Health Center is home to six nursing households licensed for up to 127 residents (see appendix "Bridgewater Retirement Community").¹¹ Cargill Meat Solutions is another considerable employer within Rockingham County; Cargill's Meat Solutions processing facility cooks turkeys and meat and accounts for more than **\$4.2 billion** in annual economic impact to the county. Cargill operates a feed mill, turkey hatchery, turkey processing facility, cooked meats facility, and distribution center in the county, employing more than 1,800 people.¹²

EMPLOYMENT RATE

Employment has nearly recovered within the Harrisonburg, VA MSA to pre-pandemic levels. The unemployment rate pre-COVID-19 stood at 2.4%. As of September 2022, the unemployment rate stood at **2.7%**. The employment rate peaked at

11.2% during COVID-19 and has been steadily recovering since May 2020. The Harrisonburg, VA, MSA unemployment rate as of August 2022 was 3.0%¹³ and below the U.S. national average of 3.7%.¹⁴

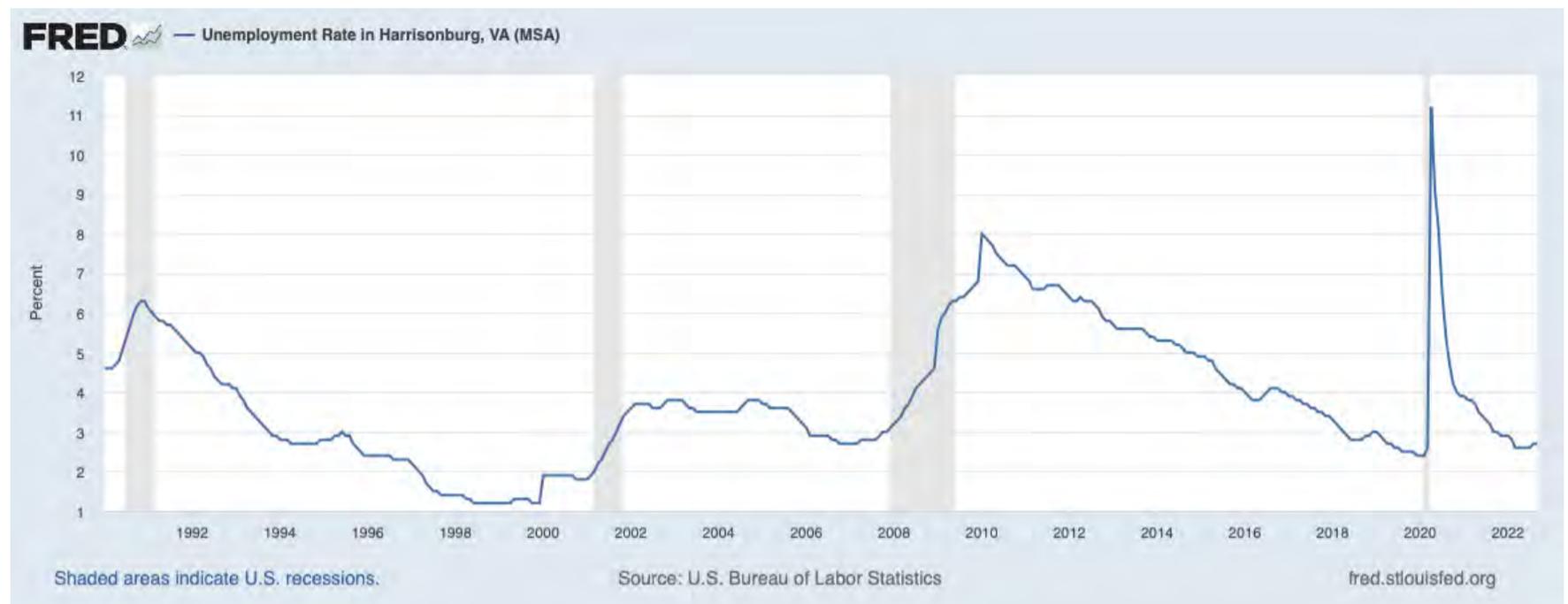


Figure 4: Harrisonburg, VA, MSA Unemployment rate 1990 to 2022

MAJOR TRANSPORTATION

Located in the heart of the beautiful Shenandoah Valley in west central Virginia, Rockingham County is close to major metro areas in Washington D.C. (125 miles), Richmond (131 miles), and beyond. Road, rail, and air transportation assets serve Rockingham County and the Harrisonburg Metro Area well. The region is located near three Interstate corridors: I-81, I-64, and I-66, connecting Rockingham County to Roanoke, Charlottesville, Richmond, Washington, D.C., Baltimore, and beyond. Cargo services are also abundant in the region. Norfolk Southern, CSX, and the Shenandoah Valley Shortline systems provide freight rail service, while the Virginia Port Authority's three facilities in the Hampton Roads Metro Area, including the deepest port on the U.S. East Coast, provide extensive bulk cargo service.

TRAFFIC PATTERNS AND VOLUME

The highest traffic concentration within the Town of Bridgewater is on N. Main Street from Dinkel Avenue and North River, continuing on Route 42, which accounts for 22,000 annual daily traffic volume (see appendix "Traffic Pattern Map").¹⁵ On S. Main Street past College Street, the traffic pattern decreases to 7,800 daily car traffic volumes.¹⁶ As we near the SCL Bridgewater, on S. Main Street, the Traffic pattern falls to 6,800 annual daily traffic volume. Routes 42 and 257 on N. Main Street maintain a 12,000 annual daily traffic volume of traffic. Thus, the main corridor on N. Main Street, in terms of traffic, starts on Dinkel Avenue heading North East by John W. Wayland Elementary School and Turner Ashby High School.

NEARBY TOWNS

The largest city near Bridgewater is Harrisonburg, Virginia, the home of James Madison University (hereafter JMU). Harrisonburg is dependent on JMU for most of its economic growth. JMU has a yearly enrollment of 20,346 undergraduate students and 1,878 graduate students totaling 22,224 students.¹⁷ The City of Harrisonburg has a population of 51,430 in 2021, having grown 5.14% from 2010.¹⁸ Staunton City, Virginia, is another city near Bridgewater, with a total population of 25,661, composed of 10,638 households, with a median household income of **\$52,292.00** (see appendix "Harrisonburg-Staunton-Waynesboro, VA CSA").¹⁹ Waynesboro City, Virginia, is another city close to Bridgewater, with a total population of 22,550 and 9,169 households with a median household income of **\$43,480.00**.²⁰ Augusta County, the county directly south of Bridgewater, has a total population of 77,563 people, composed of 30,165 households, with a median household income of **\$65,076.00**.²¹ The area presents a great opportunity given its high-income levels similar to urban areas, with a low cost of living typical of non-urban areas.

INDUSTRY ANALYSIS



INDUSTRY OVERVIEW

Grocery Store Industry revenues have grown in the past five years to 2022, given the strengthening economy and the effects of COVID-19 (coronavirus) (hereafter "Pandemic"). As disposable per capita income has increased, consumers shifted their behavior by upgrading to premium, organic and all-natural brands, helping increase industry revenues. This behavior increased at the height of the Pandemic, and booming revenues amid the shutdown of nonessential businesses led to increased grocery expenditures. Overall, industry revenues for 2022 are expected to top \$811.5 billion as consumers shifted spending from eating at restaurants to eating at home due to the effects of COVID-19. In 2021, revenue growth declined as consumers changed their behavior by dining out, although a rebound of 4.5% is forecast for 2022. It is estimated that there are a total of 38,307 establishments within the United States.²²

Despite revenue growth during the Pandemic, industry operators experienced intensifying competition from alternative retailers. Consumer behaviors have changed, with Consumers increasingly turning toward warehouse clubs and super-centers for cost savings and convenience. Consumers' behavior has shifted toward a limited assortment and fresh format stores, providing simpler layouts and selling less expensive store-branded products. With the increased competition from various grocery segments, large national grocery chains are forced into price wars to drive foot traffic into their stores. National grocery stores offer price discounts, promotions, and loyalty cards to develop consumer traffic. As competition has

increased, large grocery operators are looking to achieve scale to drive revenues. Large operators are actively engaged in mergers and acquisitions to attain non-organic growth. Mergers and acquisitions lead to high consolidation costs and intense pricing pressures, thus, decreasing industry profit.

In the coming five years to 2027, industry revenue is anticipated to grow due to rising discretionary incomes and changes in consumer preferences as the domestic economy fully recovers from the Pandemic. As consumers begin to feel the full impact of food inflation, growth will be limited. Furthermore, as many start transitioning back to in-person working and learning, consumer tenancy will likely decrease to prepare food at home. Consequently, over the coming five years to 2027, industry revenues are forecast to rise at a slower 0.8% to \$846.0 billion. Profit pressures will continue as operators continue to contend with increased competition.

INDUSTRY PERFORMANCE

The Supermarkets and Grocery Stores industry retails a variety of household goods and edible grocery products, including fresh and prepared meals, poultry and seafood, canned and frozen foods, and fruits and vegetables. Over the five years to 2022, industry participants have benefited from a strengthening domestic economy and rising disposable income levels, which have enabled consumers to purchase more premium goods. The industry has also benefited from growing demand for all-natural and organic products over the past five years. Per IBISWorld anticipates industry revenue to increase an annualized 2.6% to **\$811.5 billion** over the five years to 2022.

Revenue increased significantly in 2020 as a result of the coronavirus pandemic. Since they were considered essential businesses, they were permitted to remain open through all lockdown periods. Unlike nonessential businesses that could not generate in-store revenue, operators in this industry recorded successful sales as consumers looked to stock their pantries with food and other supplies amid the pandemic. Although consumer spending decreased significantly in 2020, consumers still needed to purchase food. Furthermore, restaurants were affected heavily by social-distancing orders and remained closed in main areas substantially longer than other businesses. As a result, consumer demand for groceries remained high for an extended period.

However, one of the primary constraints that operators contended with was the global supply chain disruptions that have been common since the initial outbreak of the pandemic. As a result, industry operators often experienced delays and inventory management hardships. Still, the increased demand for industry products drove revenue significantly higher for many players in 2020, with industry revenue increasing **315%** compared with 2019.

Since 2021, many of the significant impacts of the pandemic have begun to fade. Increased vaccination rates and increasingly relaxed social distancing guidelines have made consumers more comfortable eating out at restaurants, reducing demand for groceries among some. Many consumers are likely to continue spending more at grocery stores even after the significant impacts of the pandemic have blown over, however, as they have become accustomed to preparing more meals at home and maintaining a well-stock pantry. Furthermore, many workers have continued to work from home, providing them more time to visit industry establishments and prepare at-home lunches. These trends resulted in a revenue contraction of 1.4% in 2021, although a rebound of 4.5% is forecast for 2022—however, Russia's invasion of Ukraine in February of 2022 increased inflationary pressures on the food industry, which may limit its growth for 2022.

As with many large retail industries, Supermarket and Grocery Stores establishments come in various shapes, sizes, formats, and specialties. Industry operators range from large-scale conglomerates with thousands of locations to small specialty stores with a single storefront. Due to the diverse nature of store types, certain types of businesses have grown faster than others. Over the past five years, limited assortment stores, such as ALDI Inc. (ALDI), have experienced rapid growth. These stores are often located in densely populated areas and are much more compact and efficient than traditional grocery stores. Rather than offering dozens of brands of the same product, these stores provide a more selective offering. Unlike their larger counterparts, limited assortment stores primarily sell private label products, which are both less expensive for consumers and more profitable for industry operators. Trader Joe's, the leading supermarket in sales per square foot, sells an estimated 80.0% private label goods, all free of GMOs, artificial coloring, trans fat, and high-fructose corn syrup. While private label brands are traditionally perceived as inferior, stores such as Trader Joe's have positioned their store brands as premium products without charging premium prices. These limited assortment stores are trendy among millennials, which are typically more price-sensitive and are less brand-driven shoppers.

Per capita, disposable income has risen an annualized 1.7% over the five years to 2022. Improving discretionary income has enabled consumers to purchase a wider variety of premium grocery items, specifically organic products. Growing health and

environmental concerns have also driven consumers to purchase more all-natural and organic food. According to 2018 research conducted by the Organic Trade Association, over 82.0% of households purchase organic products, and nearly 14.0% of all fruits and vegetables purchased are organic (latest data available). Consequently, industry participants have benefited from the sale of organic goods, which are sourced at similar prices as nonorganic foods and then priced at a premium. As a result, fresh format stores, such as Whole Foods Market Inc. (Whole Foods), have expanded due to strong demand for their premium organic products.

Due to the non-discretionary nature of industry products, operators typically experience a steady level of demand. However, alternative retail stores, such as convenience stores, dollar stores, and mass merchandisers, also offer goods similar to those of traditional grocery stores. In recent years, super-centers and warehouse clubs have been growing aggressively and gaining a more significant share of the food retailing market. Mass merchants often offer lower prices than industry participants because they sell products in bulk and are able to offer their sizes to secure lower purchasing costs. These stores also provide a variety of nonfood items, such as clothing and furniture. Due to evolving consumer needs, dollar stores and convenience stores have also expanded rapidly, according to 2019 research conducted by Booz & Company (latest data available). A limited assortment and department stores have flourished, large-scale traditional grocers have struggled to compete. Over the past five years, companies such as the Kroger Company and Albertsons Companies Inc. have struggled to generate growth organically and have engaged in merger and acquisition activity. Rather than open up new stores, these large companies have acquired regional brands with a loyal local following. This strategy enables large brands to expand their geographic reach without incurring high costs. As a result, this traditionally fragmented industry has become slightly more concentrated. The large boost in sales that the industry was able to generate due to the coronavirus pandemic, however, is expected to have energized many players in the space.

Supermarket and grocery store operators have benefited from the coronavirus pandemic, rising discretionary income, and various consumer trends. However, several factors, including intensifying competition and volatile commodity prices, have dampened industry performance. Despite increased demand for industry products, the heightened competitive landscape has forced many operators to compete based on price. Limited assortment stores that primarily sell private label merchandise have been able to keep prices low without hurting profit. Larger operators that sell more costly branded items have struggled to maintain profit due to intense price competition.

Additionally, these large companies have been plagued with high acquisition costs, further depressing profit in the short term. As a result, industry profit, measured as earnings before interest and taxes, is expected to account for 1.8% of revenue in 2022. Low profits and a competitive market have discouraged new companies from entering. In addition to increased consolidation, this has led the number of industry enterprises to decrease an annualized 1.2% to 63,328 companies over the five years to 2022. However, employment growth has increased faster, as the recent uptick in demand has led enterprises to hire more workers. As a result, total industry employment is expected to grow at an annualized rate of 0.8% to reach 2.8 million workers. Rising minimum led industry wages to increase at an even higher annualized rate of 2.1% to reach \$80.0 billion over the five years to 2022.

PRODUCTS AND SERVICES OFFERING

The industry provides various products, and market segments break them down. The following provides a detailed analysis of the product segments by sector and the total percentage of industry revenues per segment.

Fresh and Frozen Meat: Fresh and frozen meat account for **13.6%** of revenues. Products in this segment include poultry, fish, and deli items. Demand for fresh meat has increased in recent years despite increased price volatility. When prices rise, some consumers tend to limit the volume of meat they purchase, while other consumers trade down to more affordable cuts and varieties, such as ground beef and frozen meat. Nevertheless, this segment's revenue share has expanded over the past five years.

Fruits and Vegetables: Fruits and vegetables, including fresh and frozen varieties, are expected to account for **12.3%** of revenue in 2022. Growing health concerns and the popularity of fruits and vegetables had encouraged this segment's share of industry revenue has increased throughout the period. Moreover, the price of fruits and vegetables grew over the five years to 2022, which helped boost its revenue contribution. Price increases have, however, caused some consumers to substitute fresh fruits and vegetables with frozen options, limiting growth.

Bakery Goods and Prepared Foods: Amid increased competition for consumer foot traffic throughout the period, many operators have increased their offering of perishable baked goods and prepared foods. Supermarkets can charge a

premium for ready-to-eat meals and sides, including soups, meats, vegetables, pizzas, and others. By offering these products, supermarkets can increase sales and profit by catering to consumers who prioritize convenience over cost. This segment has been growing throughout the period and is expected to account for **11.5%** of revenues.

Beverages: Beverages (alcoholic and nonalcoholic) account for **8.0%** of Supermarkets and Grocery Stores' industry revenues. Due to an increasingly health-conscious customer base, soda sales have declined as a share of per capita consumption, and soft drink consumption remained stagnant over the five years to 2022. Also, the demand for sugary beverages, such as fruit juices and drinks, has waned due to health concerns. To counteract the falling demand for sugary beverages, manufacturers have introduced a variety of healthier drinks, such as lightly sweetened iced tea and kombucha, helping maintain this segment's performance. Some operators have been able to curb declines in this segment by offering a more comprehensive selection of wine, craft beer, and other alcoholic beverages.

Dairy and Egg Products: Dairy and egg products account for **7.7%** of revenues. Products in this segment include milk, milk alternatives, cheese, yogurt, eggs, and butter. This segment's share of industry revenue has decreased over the past five years due to minimal growth in per capita dairy consumption. Also, new alternatives to dairy milk, such as almond and oat milk, have gained popularity among consumers, decreasing the appeal of traditional dairy products.

Frozen Foods: The frozen foods segment accounts for **6.3%** of revenues. This segment includes prepared frozen dinners, burritos, pizzas, and desserts. While frozen food provides convenience and great taste, demand has declined marginally in recent years as many consumers have turned to fresh food due to rising disposable incomes and increased health consciousness. While producers have introduced healthier products, such as reduced sodium and low-fat frozen meals, health concerns have kept demand muted among many consumers. This segment had a temporary jump in popularity due to the COVID-19 (coronavirus) pandemic, which increased demand for nonperishable goods for consumers looking to stockpile supplies amid heightened uncertainty.

Other Foods: In the Supermarket and Grocery Stores industry, other food items make up **24.1%** of revenue in 2022. Other foods include snack foods, canned foods, pasta, condiments, and ethnic food. This segment's most commonly purchased products include fresh bread and rolls, salty snacks, and cold cereal. This segment's share of industry revenue has contracted in recent years, driven by grocery stores looking to diversify their product offerings.

Other Nonfood Items: Other nonfood items account for **16.5%** of revenue. Items include household cleaning products and utensils, hygiene products, lawn and garden items, hardware, tobacco products, pet food and supplies, automotive accessories, and novelty items. This segment has increased as some operators have offered more nonfood items to encourage consumer food traffic.

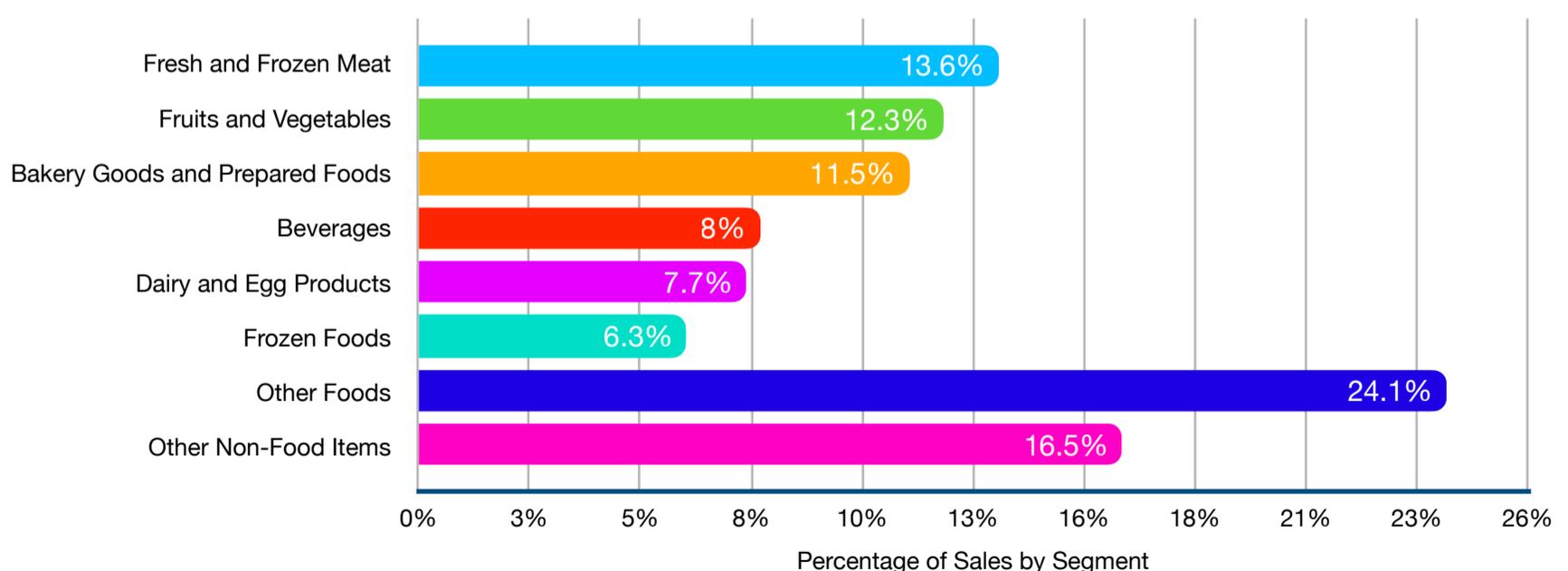


Figure 5 - Supermarket Industry percentage of sales by segment

DEMAND DRIVERS

In the Supermarket and Grocery Stores industry, household disposable income is the most significant demand determinant for grocery purchases because it is related to the frequency with which consumers purchase goods from supermarkets.

Furthermore, the level of household disposable income determines the quantity and quality of purchases. For instance, households with relatively low levels of disposable income purchase essential goods and very few high-end grocery items. However, households with higher disposable income levels can vary the quality and quantity of goods they purchase. Consumers are sensitive to prices, especially during times of economic uncertainty. Since very little product differentiation exists among retailers in this industry, the price they charge for their products heavily drives demand. In a highly saturated market, supermarkets constantly compete with each other to expand their consumer base. For instance, industry participants drive foot traffic to their stores by offering consumer loyalty rewards, coupons, and promotions, among other specials. Also, supermarkets continually seek to expand their product lines to appeal to a range of consumers. Convenience is also a critical demand determinant. To be competitive, supermarkets must be located in high-traffic areas that are easily accessible to consumers. Consumers often choose a grocery store close to their homes or workplaces. Especially when shopping for generic items, such as bread or milk, convenience is often the most critical factor for consumers. When pressed for time or if the need for an item is urgent, many consumers are often willing to sacrifice lower prices for the convenience.

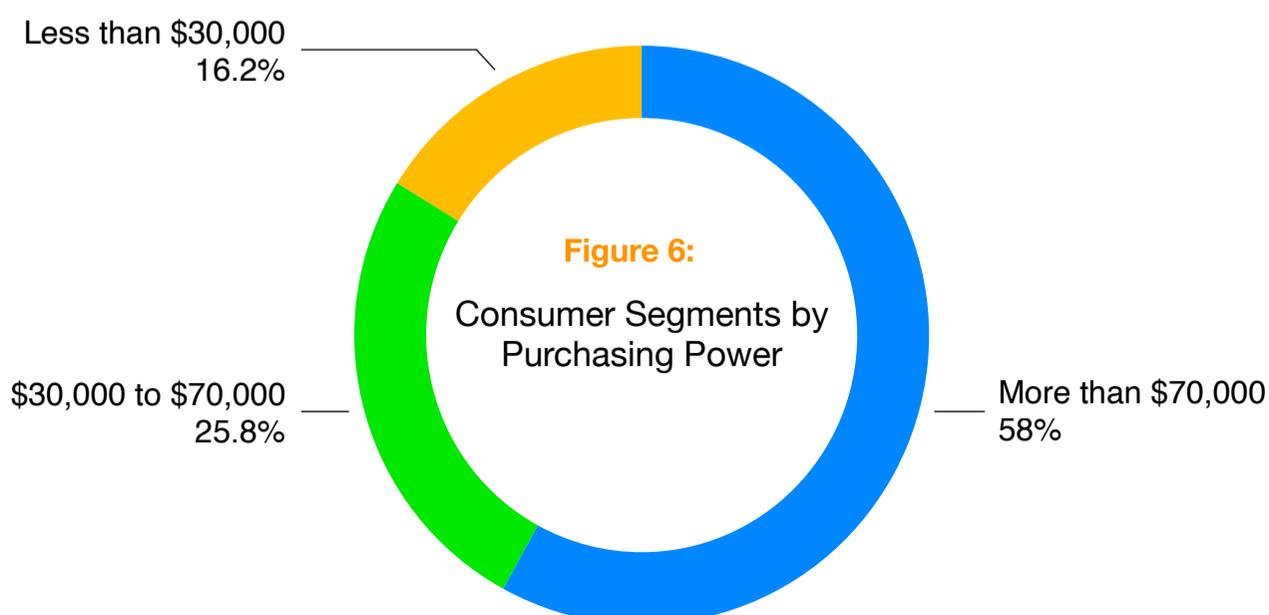
CONSUMER SEGMENTS BY PURCHASING POWER

While some Supermarkets and Grocery Stores operators resell their goods to other retailers, wholesalers, and food service establishments, an estimated 99.0% of goods are sold directly to consumers. Furthermore, when consumers shop at grocery stores and supermarkets, they primarily purchase food and beverage products. However, many supermarkets and grocery stores also sell other items, such as cleaning supplies, vitamins and supplements, and personal care products, such as face wash and shampoo. The amount consumers spend at industry establishments typically depends on their income. Demand from all major markets remained strong throughout the COVID-19 (coronavirus) pandemic due to the non-discretionary nature of many industrial products.

Households earning more than \$70,000: Families earning more than \$70,000 account for an estimated **58%** of revenues. This income group depends on the convenience, affordability, and accessibility of supermarkets to purchase goods. Higher-income families often trade up to branded and premium goods, helping increase this segment's share of industry revenue. Additionally, this segment is more likely to purchase higher volumes of products.

Households earning between \$30,000 and \$70,000: Families earning \$30,000 to \$70,000 account for an estimated **25.8%** of revenues. Households within this segment purchase a more balanced mix of generic and branded goods at supermarkets. In addition to groceries, households in this range tend to buy personal care products and drugs from in-store pharmacies. While some consumers in this income group have allocated more money to alternative retail channels, most consumers still rely on supermarkets to purchase their staple food and nonfood items. Consequently, this segment's share of industry revenue has remained stable over the past five years and is anticipated to remain steady over the coming years.

Households earning less than \$30,000: Families earning less than \$30,000 account for an estimated **16.2%** of revenues. Households within this segment purchase a more balanced mix of generic and branded goods at supermarkets. In addition to groceries, households in this range tend to buy personal care products and drugs from in-store pharmacies. While some consumers in this income group have allocated more money to alternative retail channels, most still rely on supermarkets to purchase their staple food and nonfood items. Consequently, this segment's share of industry revenue has remained stable over the past five years and is anticipated to remain steady over the coming years.



KEY SUCCESS FACTORS

When analyzing the industry, we see some critical factors that generally determine the essential success factors for the supermarket industry. They are as follows:

Proximity to key markets: A supermarket's proximity to densely populated areas enables operators to maximize foot traffic and sales. Clear signage, easy access, and ample parking space also attract shoppers.

Access to multi-skilled and flexible workforce: Similar to other retail industries, supermarkets have a highly flexible workforce, which enables stores to rotate staff as required, particularly during extended operating hours.

Ability to manage inventory: Managing inventory ensures that products are always available for purchase, mainly if they are advertised as the weekly special and in high demand.

Competition Analysis: Grocery stores compete on price due to the low level of product differentiation. Consequently, retailers must monitor when competitors offer discounts and promotions.

Technology Implementation: Operators that take advantage of the latest technology in security and point-of-sale processing benefit from increased productivity and higher profit.

KEY INDUSTRY DRIVERS

The following are key industry drivers that determine industry and company performance for a market:

Per Capita Disposable Income: Per capita, disposable income determines an individual's ability to purchase discretionary goods and services. Consumers limit purchases to essential items and more affordable brands when disposable income declines, curbing industry revenue growth. Per capita disposable income is expected to decrease in 2023 with the impending recession, posing a potential threat to industry operators.

Agricultural Price Index: The agricultural price index measures the prices received by farmers for all agricultural products, including livestock and crops. As prices increase, industry operators often raise the price of their merchandise sold to consumers, boosting industry revenue. In 2023, the agricultural price index is expected to decline.

Urban Population: Consumers in urban populations tend to purchase groceries more frequently from industry operators instead of wholesale clubs and super-centers. Consequently, as more consumers live in urban areas, foot traffic to supermarkets and grocery stores increases, lifting industry revenue. In 2023, the urban population is anticipated to grow.

Healthy Eating Index: As consumers become more health-conscious, measured by the healthy eating index, they tend to purchase a greater variety of all-natural and organic products. Consequently, as consumers demand a greater variety of premium products, such as organic produce, industry revenue increases, and the healthy eating index is expected to increase in 2023.

National Unemployment Rate: The unemployment rate measures the proportion of Americans aged 16 and older who are currently unemployed and seeking work. Consumers cannot spend as much on industry establishments or afford premium organic products when the national unemployment rate increases. If consumers cut down on spending, industry revenue will decline. In 2023, the national unemployment rate is anticipated to increase from historic lows, potentially decreasing industry revenues.

IMPACT OF COVID-19 ON INDUSTRY

In response to the emergence and consequences of COVID-10 (coronavirus), the federal government passed substantial legislation to provide broad support for the economy. In March 2020, the federal government passed the Coronavirus Aid, Relief and Economic Security (CARES) Act. The act consisted of a \$2.2 trillion stimulus bill and included a number of programs aimed at assisting businesses as they weather the effects of the coronavirus. Most notably, the Paycheck Protection Program (PPP) from the United States' Small Business Administration (SBA). The PPP was primarily aimed at assisting smaller operators that employ fewer than 500 employees and have been affected by the coronavirus and economic downturn, including cash-strapped operators. The program permitted small businesses to take out loans of up to \$10.0 million for payroll costs, covering employees earning up to \$100,000.00 annually. Furthermore, the loans were eligible for being forgiven if the operator used the loan for payroll, rent or utility costs. The CARES Act included an initial \$350.0 billion in loans allocated to PPP. In August 2020, the US government passed additional legislation to provide greater funding, including an additional \$484.0 billion bill to address the fallout of the coronavirus and \$380.0 billion in PPP funding. In December 2020, the federal government passed a \$900.0 billion stimulus bill as part of a larger appropriations package,

which includes additional stimulus and sets aside an additional \$285.0 billion for additional loans under PPP, renewing the program created under the CARES Act. In March 2021, the federal government passed the American Recovery Act (ARA), an additional \$1.9 trillion stimulus. The ARA extended many of the provisions of the PPP, in addition to state and local aid and direct payments to individuals, which strengthened demand from the industry's downstream markets.

INDUSTRY GROWTH

Over the five years to 2027, the Supermarkets and Grocery Stores industry is expected to benefit from a growing US economy. As the effects of the COVID-19 (coronavirus) pandemic fade, the national unemployment rate is anticipated to continue to fall, resulting in higher consumer spending and per capita disposable income. As per capita disposable income rises, shoppers will be more likely to purchase premium products at retail stores. In addition to growing demand for premium goods, operators will likely benefit from lower input costs as issues with global supply chains become increasingly less common once the pandemic has been contained. However, industry operators will continue to contend with the stiff external competition due to intensifying competition from alternative retailers, such as dollar stores, online grocers, and wholesale clubs. IBISWorld projects industry revenue to grow an annualized 0.8% to reach \$846.0 billion over the five years to 2027.

Shifting demographics are anticipated to influence the industry over the next five years significantly. Millennials have emerged as the most populous generation in the United States. As this age group's level of disposable income rises, industry operators are expected to cater their services to attract these individuals increasingly. Millennials are typically characterized as being health-conscious and value-driven. Accordingly, millennials have popularized stores that sell premium private-label foods. These stores are generally smaller and enable shoppers to choose between a select number of high-quality products. Limited assortment stores continue to gain market share, and stores with larger, more traditional layouts will likely need help to compete. To remain competitive amid changing preferences, premium grocer Whole Foods announced plans to open a line of stores for millennials. These stores will be smaller in size and exclusively offer private-label items. Large national chains are also expected to follow this trend. Ahold Delhaize, a Dutch-based operator with storefronts in New England and the Mid-Atlantic, has introduced a line of limited assortment stores under the brand name *bfresh*. Over the next five years, IBISWorld expects more supermarkets to follow this trend to appeal to a growing millennial demographic. While many major operators will likely open new limited assortment and new format stores over the next five years, others will probably choose to enhance their current locations and product offerings. Traditional supermarkets are increasingly adding amenities, such as home grocery delivery, dining areas, and beer and wine bars. Enhancing existing stores is more cost-effective than opening entirely new locations.

Over the five years to 2027, industry operators are expected to experience heightened competition from online operators. During the previous five-year period, many supermarket operators shifted to omnichannel offerings to remain competitive with e-tailers, such as Amazon.com. This trend is expected to continue over the next five years, as overall e-commerce sales are expected to rise, indicating a continued shift toward virtual shopping. Online grocery sales are not included in the Supermarkets, and Grocery Stores industry, the steady adoption of online grocery services will likely hamper industry revenue growth over the coming years. In addition to competition from online grocery delivery services, online pickup services are also expected to surge in popularity, further threatening industry sales. External operators, such as Walmart Inc. (Walmart), have launched same-day pickup services for online grocery orders.

Additionally, e-commerce powerhouse Amazon entered the brick-and-mortar grocery market through its 2017 acquisition of Whole Foods. Further, the company plans to open 2,000 Amazon Fresh stores in the United States, many of which will likely operate without traditional check-out lines. Online competition is expected to have risen considerably due to the coronavirus pandemic, which led many consumers to use grocery delivery services to avoid visiting the store in person. Customers who have used online ordering services have realized the convenience, and many continue to use them even after the pandemic.

Merger and acquisition activity is expected to continue as large operators seek to increase their economies of scale and expand their geographic reach. Due to increased competition and high market saturation, enterprise growth is anticipated at an annualized rate of just 0.1% to reach 63,555 companies over the five years to 2027. Conversely, industry employment is expected to rise at an annualized rate of 0.7% to 2.9 million workers during the same period. IBISWorld expects profit, measured as earnings before interest and taxes, to remain stable at 1.9% of revenue in 2027. A stable agricultural price index and the increasing popularity of store-brand items are expected to affect profit positively. Even so, industry profit will likely be stifled by costs associated with continued merger and acquisition activity.

INDUSTRY LIFE CYCLE

The Supermarkets and Grocery Stores industry is in the mature stage of its life cycle. Industry value added (IVA), which measures an industry's contribution to the overall economy, is expected to increase an annualized 1.6% over the ten years to 2027. Comparatively, US GDP is forecast to rise at an annualized rate of 1.8% during the same period. IVA's growing pace with GDP indicates that the industry has reached its mature stage. Supermarkets and grocery stores have historically suffered from low profits, which lowers this industry's contribution to the economy.

Additionally, intense competition in the food retailing sector has contributed to the industry's slow growth. Characteristic of a mature industry, supermarkets and grocery store chains have engaged in numerous mergers and acquisitions. Consequently, the number of enterprises is expected to remain low despite relatively high revenue growth. New operators are also discouraged from entering the industry due to low profit and the industry's highly competitive nature. Many of the products supplied by this industry are largely considered to have reached saturation levels. Growth has primarily come from introducing new niche market goods or advances in product formulas. The market for grocery products has undergone little change in recent years. However, participants have benefited from the growing demand for all-natural and organic products. Furthermore, supermarkets have implemented technological changes such as self-checkout aisles and automated warehouse equipment, which have boosted operating efficiencies.

MARKET SHARE CONCENTRATION

The Supermarkets and Grocery Stores industry is highly fragmented, with an estimated one-third of enterprises employing fewer than five workers. Moreover, the top four operators are expected to account for about 30.0% of industry revenue in 2022. The remaining market share is mainly composed of small- and medium-sized operators catering to local and regional markets. Even though many businesses operate a single establishment, medium-sized stores have begun to comprise a larger market share. Market share concentration has fluctuated over the five years to 2022 due to a flurry of mergers and acquisitions. Large companies, such as Albertsons Companies Inc. and Kroger Company, have acquired numerous brands, boosting their share of industry revenue. National-level premium chains such as Whole Foods Market Inc. and Trader Joe's have expanded their industry revenue share over the past five years. Like many regional family-owned stores, these national chains provide superior customer service and extensive premium products. These retailers also offer a wide variety of niche goods, such as gluten-free and vegan products, which traditional grocers do not provide. As disposable income increases and consumers become more health-conscious, these brands are expected to increase their industry share.

INTERNAL COMPETITION

The Supermarkets and Grocery Stores industry has become increasingly competitive throughout the years. Due to the homogeneous nature of many of the goods sold at supermarkets, industry participants rely heavily on competitive pricing and customer loyalty rewards to attract consumers. Due to tight profit, supermarkets generally rely on a high sales volume to remain profitable. They often offer generic- or store-branded food items that are less expensive than branded products to drive sales. Most stores will run frequent specials on popular products to entice new consumers to visit their locations. In addition to lower prices, grocery stores must attract customers with the range and quality of products they offer. Industry players that provide an extended range of goods cater to a more extensive consumer base from low- and high-income households. However, if grocery stores price their premium products too high, they risk losing sales from many consumers, regardless of their income. Private-label products have maintained their popularity among consumers. In particular, higher-end generic goods have experienced increased sales as consumers seek affordability and value.

Consequently, many retailers that offer a wide range of private-label products have benefited from improved sales and profit. Supermarkets offer a variety of products and services aside from traditional grocery and non-edible products. For instance, through its partnership with Starbucks Corporation, Safeway Inc. operates in-store Starbucks-branded coffee shops at many of its grocery store locations.

EXTERNAL COMPETITION

The industry contends with intense external competition, particularly from mass merchandisers such as Walmart and Costco Wholesale Corporation (Costco). While Walmart and Costco do not specialize in grocery retailing, they generate a substantial portion of revenue from selling grocery products. External competition from warehouse clubs and super-centers has intensified in recent years, as many consumers prefer one-stop shops where they can purchase various goods, such as apparel and furniture, in addition to traditional groceries. Mass merchandisers also provide lower prices than most supermarkets, as they benefit from economies of scale. Supermarkets also experience competition from convenience stores,

discount retailers, and food service providers. This industry has also been experiencing increased competition from online grocery services that specialize in delivering products directly to their customers' homes. This creates a convenient alternative for consumers who want to avoid visiting grocery stores. Online food delivery has received an added boost since the pandemic's start, as many consumers continue to avoid shopping in person when possible.

GEOGRAPHIC CONCENTRATION

As with most retail industries, the location of establishments in the Supermarket and Grocery Stores industry falls broadly in line with how the population is dispersed across the United States. A more significant number of residents typically results in greater demand for supermarkets and grocery stores. Therefore, retailers strategically locate their establishments in and near more densely populated cities. Shopping preferences in specific states and regions also influence the distribution of industry establishments.

This industry is largely concentrated in the Mid-Atlantic region, which accounts for **25.8%** of establishments. This region includes densely populated states such as New Jersey, New York, and Pennsylvania. New York alone accounts for **15.3%** of establishments, partially due to its large population.

The Southeast is the second-most concentrated region, accounting for **22.3%** of industry establishments. Large states, such as Florida and Georgia, contribute a significant share of storefronts to this region. One of the leading supermarket chains, Publix Super Markets Inc., is headquartered in Florida, which accounts for **5.8%** of establishments.

Warehouse clubs and supercenters are more heavily concentrated in the Great Lakes, curbing the need for supermarkets and grocery stores. As a result, the Great Lakes has only **13.1%** of industry-relevant establishments despite being home to **14.4%** of the total population.

The West accounts for **16.9%** of establishments, serving **17.2%** of the population. California, the most populous state in this region, accounts for **12.0%** of industry establishments.

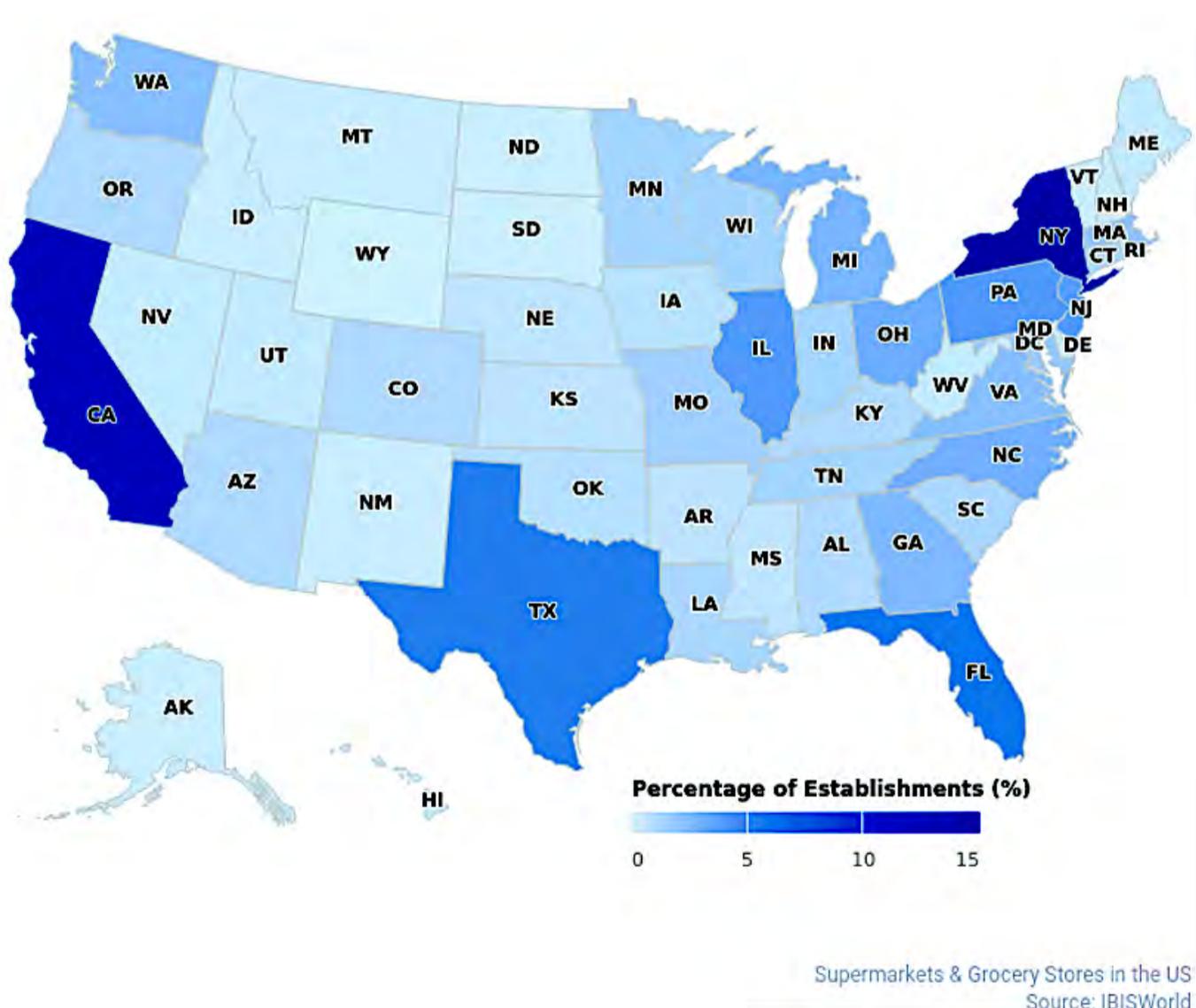


Figure 7: Geographic distribution of Grocery stores in the United States

BARRIERS TO ENTRY

Barriers to entry in the Supermarket and Grocery Stores industry are moderate. However, the level of initial capital investment is high. In the past, the critical operational cost for industry participants was wages associated with human capital costs. In addition, the introduction and installation of point-of-sale (POS) systems have raised the level of capital expenditure for supermarkets. POS systems are not the only consideration for a prospect; new entrants must consider a whole range of expenses, including purchasing refrigerators, freezers, and shelving units. Start-up costs can be financed through a combination of owner investment, short-term loans, and long-term borrowing. The preexistence of distribution networks between operators and suppliers can be a barrier to entry, as existing operators have established relationships of trust and loyalty with their suppliers during a period, granting them preferential treatment and pricing. Some leading retailers have even locked in supply bases for specific fresh food categories inaccessible to new entrants.

Consequently, new food retailers may contend with additional challenges, especially those that still need to establish relationships with product suppliers and farmers. There has also been a noticeable trend of consolidations over the past decade among US produce suppliers and growers, making it even more challenging to select an appropriate vendor. Conversely, no direct licenses are required to operate supermarkets or grocery stores, significantly lowering barriers to entry. Additionally, the industry is highly fragmented, and prospects can potentially find success entering the industry by specializing in a specific product category.

CAPITAL INTENSITY

The Supermarkets and Grocery Stores industry exhibits a low level of capital intensity. Using wages as a proxy for labor and depreciation as a proxy for capital, IBISWorld estimated that for every \$1.00 spent on labor in the industry, \$0.09 would be spent on capital in 2022. Capital expenditure for the sector includes purchasing store assets, such as cash registers and shelving. While most industry operators invested relatively small portions of their revenue in capital goods, many supermarkets implemented new technology. For instance, the introduction of computerized point-of sale-systems and self-checkout systems has increased supermarkets' dependence on capital to improve operating efficiencies. Advancements in the internet and online ordering capabilities also increased capital expenditure for many large operators. Supermarkets depend on labor to stock shelves, organize inventory and provide customer service. The level of labor expenditure in this industry is influenced by the number of people employed, their wage rates, and operating hours—employees in this industry range from cashiers to store managers and marketing executives.

INDUSTRY LEVEL OF GLOBALIZATION

The Supermarkets and Grocery Stores industry exhibits a low level of globalization. Due to the nature of retail stores, supermarkets do not engage in international trade. Also, most industry establishments are based in the United States and earn revenue from domestic operations. However, companies have increasingly expanded their operations abroad to enter growth markets. Foreign companies also operate supermarkets in the United States. For example, Delhaize America LLC is a Belgian Delhaize Group SA subsidiary.

REGULATORY FACTORS

Regulations relevant to the Supermarket and Grocery Stores industry are generally enacted and administered by state governments. Congress has enacted trade regulations intending to maintain a free and competitive economy. Congress passed the Sherman Antitrust Act, the Wilson Tariff Act, the Clayton Antitrust Act, the Robinson-Patman Act, and various other regulations to address unfair competition. A variety of other state and local policies regarding alcohol sales and banned substance sales affect industry operators, particularly those with national-scale operations.

Sherman Antitrust Act: In the late 1800s, businesses began to gain market dominance by forming anticompetitive agreements called trusts, which cut prices drastically to drive competitors out of business. The anti-competitive techniques of trusts included buying out competitors, forcing downstream customers to sign long-term contracts, and purchasing unwanted products to receive other goods. Congress responded in 1890 by introducing the Sherman Antitrust Act, which prohibits illegal monopolies or monopolies that could be shown to use their power to censor competition. This act prohibits any operator from monopolizing the industry through acquisitions. Therefore, the act ensures fair competition among industry participants. This legislation has been particularly pertinent to industry operators, which large-scale mergers and acquisitions have marked. For instance, in 2015, the Federal Trade Commission required the divestment of 146 Safeway Inc. and Albertsons Companies Inc. stores for the merger to be approved.

Robinson-Patman Act: In 1914, the second section of the Clayton Act became the first federal statute that expressly prohibited certain forms of price discrimination. In 1936, that section was amended to create the Robinson-Patman Act, which provides some measure of protection to small independent retailers and their independent suppliers from what was thought to be unfair competition from chain stores. The act requires sellers to sell to everyone at the same price, while buyers purchase merchandise from a particular seller at the same price as everyone else. The act prohibits sellers and buyers from using brokerage, allowances, and services.

Occupational Safety and Health Administration (OSHA): Under the US Department of Labor, the Occupational Safety and Health Administration (OSHA) provides various guidelines for grocery stores. For instance, OSHA has policies regarding how grocery stores must train their employees, check out items, and stock products. Grocery stores that do not follow mandatory OSHA guidelines are subject to penalties. Operators in this industry are also subject to regulation by the US Food and Drug Administration, the US Department of Agriculture, the Environment Protection Agency, and other federal, state, and local agencies.

COVID-19 Safety and Sick Leave Policies: In response to the coronavirus, the Centers for Disease Control and Prevention (CDC) released a series of business guidelines, which are subject to change. However, businesses are encouraged to coordinate with state and local health officials, as local conditions influence public health officials' decisions regarding community-level strategies. For example, employees who appear to have symptoms are to be separated from work, while employees who test positive must inform fellow employees of their possible exposure. Businesses are encouraged to maintain extra precautions for employees at higher risk for severe illness, such as older adults and those with chronic medical conditions. Moreover, the CDC has advised employers to implement flexible sick leave and supportive policies and practices. For example, employers should not require a positive coronavirus test result or a healthcare provider's note for employees who are sick to validate their illness, qualify for sick leave, or to return to work. Although there is no national requirement in the United States to offer paid sick leave, the Family and Medical Leave Act (FMLA) requires companies with more than 50 employees to permit them unpaid time off for medical leave or to care for a family member. Many states have additional policies. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, temporary paid sick leave benefits were enacted for many workers not previously covered. However, the law includes exemptions for businesses with fewer than 50 or more than 500 employees.

Other: A variety of state and local laws also affect industry operations. State and county liquor laws often dictate the time alcohol sales can be conducted, the types of alcohol that can be sold, or even ban the sale of alcohol altogether. For example, out of Arkansas' 75 counties, 39 have banned the sale of alcohol. Additionally, while most states permit grocery store beer or wine sales, only 21 permit the sale of hard liquor. Aside from alcohol, a variety of other substances are sold on a state-by-state basis. For example, unpasteurized milk is only legal for store sales in 13 states. Since industry operators are considered essential businesses, they have remained operational throughout the coronavirus pandemic. Still, they have had to implement health and safety regulations to prevent the spread of the virus. This includes implementing social distancing guidelines, mandatory mask-wearing, and limiting capacity.

REVENUE VOLATILITY

The Supermarkets and Grocery Stores industry experiences moderate revenue volatility as industry operators sell non-discretionary items. Consequently, demand for products sold at retail stores remains relatively high, with minor changes in product prices and disposable income levels. For much of the five years to 2022, increasing disposable income levels encourages consumers to trade up for premium products. Although the economic uncertainty that came with the COVID-19 (coronavirus) pandemic led many consumers to pull back on spending, demand for groceries increased significantly as consumers looked to keep their homes stocked with food.

TECHNOLOGICAL CHANGES

Operators in the Supermarket and Grocery Stores industry have experienced a moderate level of technology and systems disruption. New operators like Uber Eats, DoorDash Inc., and HelloFresh SE have disrupted traditional supermarket and grocery stores. These operators provide the convenience of in-mobile application ordering, flexible delivery hours, and competitive prices. Conversely, significant operators in the industry have also introduced their own mobile apps and e-commerce websites to capture the growing market share of customers opting to order industry products online instead of visiting the stores.

Pay by Touch: One of the latest technological innovations in the Supermarkets and Grocery Stores industry is Pay by Touch scanners, which make payment at checkouts quicker and safer. The system lets customers set up an e-wallet with their bank account, reward card, and credit card information. Grocery payment is made by scanning a fingerprint and keying in a password linked to account details.

Self-Checkout: Self-checkout systems continue to be very popular in grocery stores. Consumers that buy one or two products prefer self-checkout lanes because they are usually the fastest way to make a purchase. However, similar to any new technology, self-checkout systems contend with some hurdles, such as proof of age and bar-coding issues. Despite the operational limitations that companies experience, self-checkout lanes benefit supermarkets by lowering the number of cashiers needed per store, reducing operator wage costs.

E-Commerce and Smartphone applications: Many industry participants have entered the internet retailing sector by enabling customers to purchase products online and deliver groceries to their homes and offices. Many regional supermarket chains have begun to offer internet retailing in recent years. Moreover, grocery stores have taken advantage of the popularity of smartphones. Many grocery stores have created apps that consumers can download to improve their shopping experience. These apps display the latest coupon offers, weekly specials, and store locations. Some independent grocery apps let shoppers scan bar codes and make purchases as they walk through the aisles.

In-Store Wi-Fi: Many grocery stores have implemented free in-store Wi-Fi. While Wi-Fi is not an innovation specific to the industry, it has become common for many operators. According to a 2015 study conducted by EarthLink, 28.0% of retailers experienced an increase in customer loyalty after deploying in-store customer Wi-Fi, with an associated 2.0% increase in sales. Retailers also reported that consumers using in-store Wi-Fi spent 21.0% longer in the store.

KEY MARKET PLAYERS

The Supermarkets and Grocery Stores industry is highly fragmented, with the top ten players having less than 40% of the overall market share. The most prominent player within the industry is The Kroger Company, with an estimated 13.48% market share. The company recently announced that it would purchase its competitor Albertsons Companies Inc., for an estimated \$24.6 billion. Albertsons Companies Inc. is the second largest grocery store in the United States, with an estimated 7.33% market share. If the United States Government approves the merger, this will make the most prominent market player with over 20.81% market share in the United States. The third largest company by market share is Koninklijke Ahold Delhaize N.V., with a 6.62% market share. Publix Super Markets, Inc. has a 4.97% market share. Only the top four companies have a market share of 5% or more (if we round up Publix Super Markets' numbers). The remaining 38,303 establishments share the remaining 67.6% of the market share.

Figure 8: Key Market Players within the Grocery Store Business in the United States of America

Company Name	Revenue in Millions (\$)	Market Share (%)	Profit in Millions (\$)	Profit as a Percentage (%)
The Kroger Co.	100,814.1	13.48	1,795.2	1.781%
Albertsons Companies, Inc	54,820.5	7.33	962.3	1.755%
Koninklijke Ahold Delhaize N.V.	53,700.0	6.62	912.9	1.700%
Publix Super Markets, Inc.	37,150.7	4.97	10,259.0	27.615%
Meijer Inc.	18,553.8	2.29	315.4	1.700%
Whole Foods Market, Inc.	15,724.0	1.94	2,074.0	13.190%
Trader Joe's Company	13,700.0	1.69	465.8	3.400%
Wegmans Food Markets Inc.	8,100.0	1	137.7	1.700%
Giant Eagle Inc.	6,675.0	0.82	113.5	1.700%
Weis Markets Inc.	4,224.4	0.52	146.7	3.473%
DeMoulas Super Markets Inc.	3,003.3	0.37	51.1	1.701%
Acme Markets, Inc.	1,371.7	0.17	23.3	1.699%
Moran Foods LLC	1,325.3	0.16	22.5	1.698%
Southeastern Grocers	145.8	0.02	2.5	1.715%
H-E-B Grocery Company LP	32.8	0	0.6	1.829%
Big Y Foods, Inc.	2.4	0	0.0	0.000%
Total	\$319,343.80	40.38	17,282.5	

AVERAGE SUPERMARKET SIZE

The average supermarket size in the United States stands at a historic high of 51,507 square feet. The overall trend since 1994 has been upward. The average size of a supermarket in 1994 was 35,100, meaning that the average has grown by 46.7% in the past 28 years.²³ Kroger-bannered supermarkets average 160,000 square feet in size, while its Marketplace-branded stores range from 100,000 to 145,000 square feet.²⁴ This is either twice or three times the size of an average Safeway. It is critical to note that a downsized format trend has been emerging in the past few years. Small format stores range in size from 12,000 square feet to 25,000 square feet, with even smaller footprints within urban markets. The footprint for a company like Trader Joe's is between 8,000 and 15,000 square feet. In comparison, Lidl stores are about 20,000 square feet, and Aldi stores are 16,400 square feet. Many more prominent brands such as Kroger, Target, and Walmart have also developed smaller urban stores averaging 16,000 to 25,000 square feet. Target's smallest store is in Berkley, California, composed of 12,000 square feet, and opened a 20,000 square foot store on the strip in Las Vegas.²⁵

PROFIT

In 2022, industry profit, measured as earnings before interest and taxes, is anticipated to account for 1.8% of revenue, up from 1.6% in 2017. The industry has historically been characterized by low profit, partially as a result of the fragmented nature of the industry. Supermarket operators compete primarily on price, as most retailers' products are homogeneous. Consequently, companies offer discounts and promotions frequently to drive foot traffic to their stores and boost customer loyalty and retention rates. Over the five years to 2022, the industry has contended with intensifying competition from warehouse clubs and super-centers that offer even lower prices than supermarkets. While this trend holds for the industry, specialty retailers, such as all-natural and organic grocers, have experienced high and even increasing profits during the period. The COVID-19 (coronavirus) pandemic has led to an increase in demand for industrial goods, which has helped to buoy profit. In 2020, the average industry profit margin spiked, reaching an estimated 2.2% of industry revenue.

WAGES

Wages constitute the second-largest cost segment for this industry, accounting for 9.8% of industry revenue in 2022. This figure represents a slight decrease from 10.0% in 2017. This decrease has come as a result of boosted revenue since the start of the coronavirus pandemic. Moreover, many low-wage industry jobs have been eliminated due to technological advancements, such as self-service checkouts. Over the next five years, wages as a share of revenue are expected to remain steady.

PURCHASES

Purchases account for an overwhelming majority of revenue, estimated to account for 67.9% of industry revenue in 2022. As commodity markets have fluctuated over the past five years, the cost of many critical agricultural products, such as fruit and meat, has remained volatile. Increased demand for many industrial products combined with supply chain issues caused by the coronavirus pandemic has led to an increase in purchasing costs for industry operators.

MARKETING

Marketing costs include advertising and promotions. While supermarkets offer promotions regularly to drive foot traffic to their stores, marketing costs are expected to account for 0.7% of revenue in 2022.

DEPRECIATION

Depreciation costs are expected to account for 0.9% of industry revenue in 2022. Depreciation costs have remained steady over the past five years.

RENT AND UTILITIES

Rent costs are expected to account for 1.7% of industry revenue in 2022. Rent costs have remained a steady share of revenue over the past five years. Utility costs have remained stable over the past five years and are expected to account for 1.0% of industry revenue in 2022.

OTHER COSTS

Other costs associated with operating a supermarket include various administrative expenses. Overall, these costs are expected to account for 16.2% of industry revenue in 2022.

MARKET DEMAND ANALYSIS



GROWTH DRIVERS IN VIRGINIA

Every industry encounters critical external factors that impact the industry's performance. The key drivers within the Supermarkets and Grocery Industry are population growth, median household income, and new business formation. Virginia's population grew 7.9% between 2010 and 2020, slightly faster than the rest of the nation in the past ten years, with a total population of 8.6 million.²⁶ The Commonwealth of Virginia's close proximity to key federal and military establishments, high level of education, experience in human capital, and a large number of government, and government contracting jobs have made the Commonwealth of Virginia a net gainer of population. While Northern Virginia Northern Virginia accounted for 66.5% of the state's population growth between 2010 and 2019, this growth has dipped to 33.7% within the last year, as the impacts of "work from home" and a more balanced approach to life and encouraged individuals to move outside of highly congested traffic areas. Net migration out of Northern Virginia has led to net migration into other parts of the Commonwealth, such as Fredericksburg, Winchester, Richmond, and the Town of Bridgewater. Given a large number of high-paying and skill-based jobs, the Commonwealth has seen Median Household Income grow by 0.7% in the past decade. High-paying jobs and dual income are key drivers to the increase in Median Household Incomes. Last but not least, the Commonwealth of Virginia has continuously been nominated as the best place in "America's Top State for

Business 2021," coming number one (1) in 2021.²⁷ Furthermore, given the stability of jobs related to the government and government contracting, the impact of recessions is softer on the overall Virginia economy.

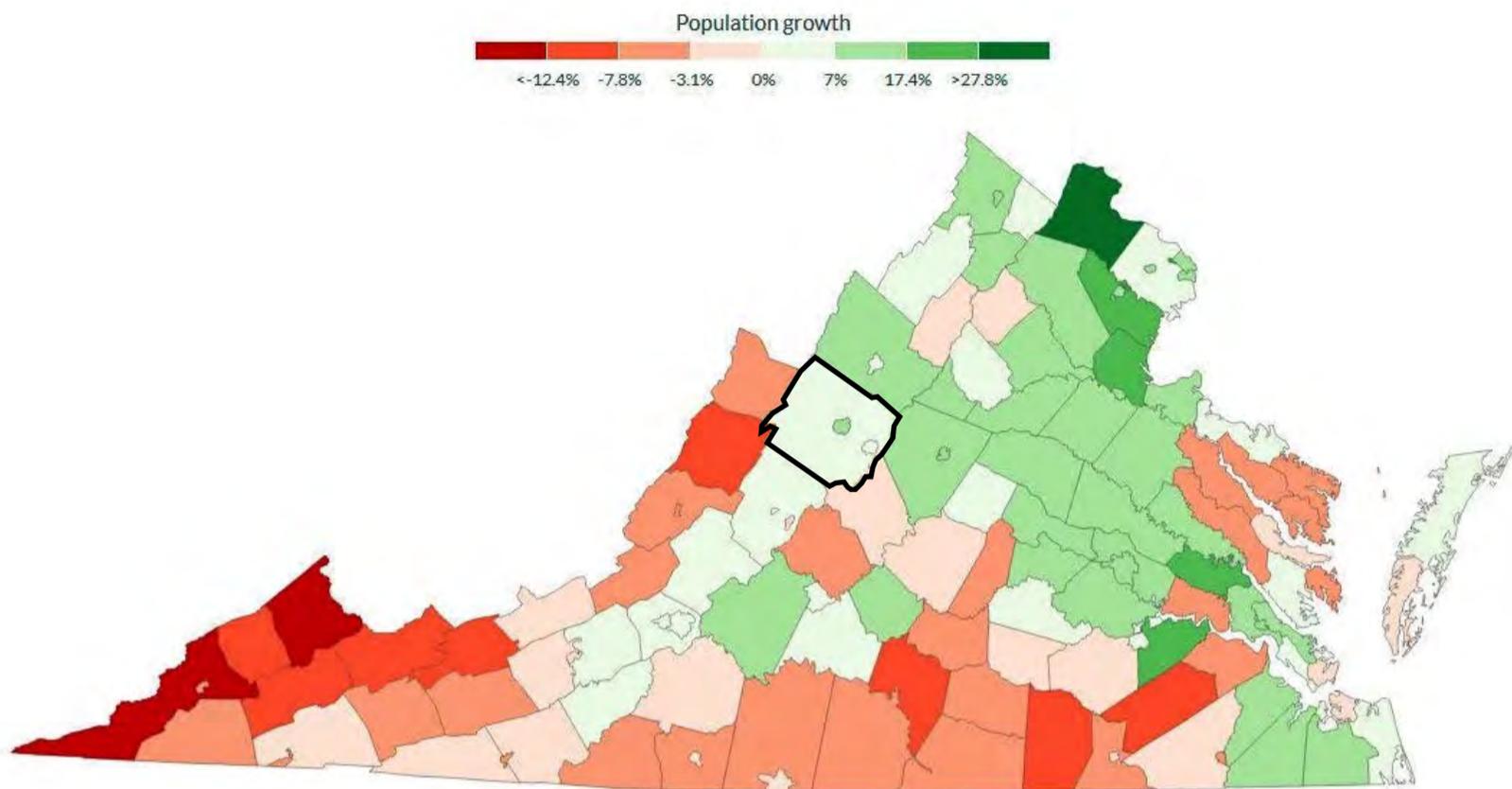


Figure 9: Virginia population growth chart for 2010 to 2020. Virginia's population grew by 7.9% in the last decade

POPULATION GROWTH

The population of Harrisonburg MSA is estimated at 135,524, a growth of 25.26% since 2000. The Population of the Town of Bridgewater, Virginia, is 6,177. The town's population has grown from 5,644 in 2010 to an estimated increase of 9.44%, more than the Commonwealth of Virginia's growth rate of 7.9% in the same timeframe. The pairing of good quality higher-middle income jobs and the lower costs of living in terms of housing and taxes make the Town of Bridgewater a desirable place to live.

LOCAL CONSUMER DEMOGRAPHICS

The Population of the Bridgewater is 6,177. The Town's population has grown from 5,644 in 2010 and an estimated increase of 9.44%, more than the Commonwealth of Virginia's growth rate of 7.9% in the same timeframe. In Bridgewater, 89% of the population is White, 5.2% of the population is Black or African American, 4.1% of the population is Hispanic or Latino, 0.50% is Asian, 0.1% is American Indian, 0.1% is Native Hawaiian and Other Pacific Islanders, and 1.8% of the population are composed of two or more races. Gender distribution is female leaning, with 42.53% of the population composed of Males and 57.47% females. The age distribution for the region is as follows; 17.8% of the population is under the age of 18, 55.5% is above the age of 18 to 65, and 20.6% is 65 or older. The Town of Bridgewater has an estimated 1,256 seniors living within the city. The median age is 31.8 years old, with an average male age of 31.4 years and an average female age of 33.8 years, which is lower than the U.S. Median age of 38.8 years. The average family size in the Town of Bridgewater is 2.96 people. Homeownership in Town is 64.2% of the population being homeowners, slightly below the third-quarter 2022 national average at 66%.²⁸ The per capita income for the Town is \$30,773,²⁹ while the median household income is \$62,585, lower than Virginia's at \$76,398 and the national median household income of \$64,994.³⁰ When we look at the average household income in Bridgewater, it is a very healthy \$83,168, with the key demographics of 25-44 composing this income demographic. Based on the U.S. Census, 10.6% of the population lives in poverty; however, this data is generally based on sample data which may have overestimated the number of people living in poverty within the town limits. The number is closer to 6% -8 % within Bridgewater.³¹ Bridgewater comprises mainly white-collar workers, constituting 77.96% of the Town's workforce, of which 22.04% are blue-collar workers. An estimated 136 entrepreneurs or 4.7% of the Town's workforce. An overwhelming majority of 69.84% of the employees work within the private sector, while 17.65% work for government institutions. The Town has an estimated 2,137 households, of which 56.53% are estimated to be family households and 43.47% nonfamily households, of which 27.52% have children.

CONSUMER BEHAVIORAL SHIFTS

Consumer behavior has shifted in the last three quarters, given the microeconomic environments posed by the existing supply-chain imbalances caused by COVID-19 and the Russian invasion of Ukraine.

Inflation: This has shifted consumer behavior from being purely concerned about the safety of shopping during COVID-19 to the effects of inflation on the ability to purchase everything necessary for the household. Based on surveys undertaken in the first quarter of 2022, 53% of consumers are concerned with rising prices or out-of-stock products. Food inflation within the Grocery stores increased by 12.4% in the past 12 months. Based on initial internal data analysis of the Consumer Price Index, we may have peaked in terms of food inflation as we are seeing a softening of costs as evidenced by the fall of vegetable pricing by 0.9%, or fruits by 2.4% within the October reading. Household Weekly Spending for Groceries has increased to \$148 per week, an increase of \$34 per week from pre-pandemic levels (2019). The impact of inflation is highest among shoppers making under **\$75k a year**. Inflation pressures will not subside in the near term, given that there has to be a decrease in overall demand or an increase in supply to place pressure on pricing (see appendix "Inflation Graph via CPI"). Inflationary pressures force customs to change behavior and eat more at home than ever. Given the price increase, grocery spending has increased by 4% from 2021. The growth is due to both inflation and a shift in behavior during COVID-19, where shoppers were eating out (take-away, delivery, and/or pick-up). Some consumers are electing to purchase Private label products, which are generally cheaper, rather than purchase branded products to save and maintain with the destructive effects of high inflation. To limit the impact of the rising cost of food, shoppers continue to look for deals, especially if they shopper is price sensitive. Lower-income shoppers are the primary group that has changed their buying behavior, such as switching from fresh proteins to frozen proteins.

Online Shopping: COVID-19 changed many consumer behaviors by moving people to purchase grocery stores via online platforms. Platforms such as Instacart, Walmart+, Hungryroot, and Misfits have become the economic winners of the COVID-19 pandemic. In a post-pandemic mindset, consumers still purchase a portion of their groceries via such platforms. Although people are more apt to go to the grocery themselves, 6% of all grocery purchases are undertaken via online shopping, an increase of 300% from 2019.³² In comparison, 15% of grocery shoppers purchase their groceries only via an online platform, and 64% buy them occasionally.³³ Weekly online shopping as a portion of all grocery spending peaked at 28% in March and April 2020, with the last available number for February 2022 being 19%.³⁴ This is still higher than the pre-pandemic level of 11-15% in January and February 2020.³⁵

TYPES OF GROCERY STORES

When we analyzed the various types of grocery stores, we wanted to study them in a more robust and defined manner. We based our analysis on market trends and product offerings. The industry is divided into Small Formats and Large Formats. We have provided some background and each type and subdivided them by product offering as follows:

Small Format

Neighborhood Grocery Stores: These grocery stores are mainly neighborhood-based. They are generally family owned and run, are usually smaller in footprint, and have a more limited assortment of materials. Many times they act as a neighborhood convenience store.

Ethnic Stores: These grocery stores focus on a unique selection of product offerings based on a specific ethnic group or even potentially religious. They are generally small family-owned businesses; however, in recent decades, we have seen some larger format stores encroach on this space. They are usually Chinese, Amish, Italian, Arab, Persian, Indian, Latin, Russian, and Polish stores. Other ethnic stores would also include Kosher supermarkets and Halal markets. The key demographics tend to be first and second-generation immigrants.

Healthy Food Stores: A new trend is to provide unique healthy food stores with organic, farm-to-table, local product and nutritional supplements. Healthy food markets offer a more specialized selection of foods than conventional supermarkets. They also provide alternative products to people with specific allergies, such as gluten-free, fair trade, and GMO-free products.

Large Format

Supermarket: These grocery stores are a prominent form of the traditional grocery store with self-service ships offering a wide variety of foods and household products organized into aisles. The supermarket typically comprises meat, fresh product, dairy, baked goods, canned and packaged goods, and non-food items such as kitchenware, household cleaning, pharmacy, and pet supplies.

Hypermarket: Hypermarkets are a superstore combining a supermarket and department stores. This generally results in an expansive retail facility with many products within one shopping environment. Some hypermarkets are open to the public, while others are membership based.

SUPERMARKETS IN VIRGINIA

Virginia's Supermarket and Grocery industry is expected to grow at an annualized rate of 5.6% to \$23.6 billion over the five years to 2022, while the national industry average will grow at an expected 2.6% during the same period. The number of establishments decreased at an annualized rate of -0.1% to **2,110** locations within the Commonwealth of Virginia. Supermarkets and Grocery Stores within the Commonwealth of Virginia increased employment by an annualized 2.7% to an estimated 85,086 workers, while industry wages within the same timeframe increased by 5.1% to an estimated **\$2.3 billion**. Over the five years to 2027, the industry is expected to grow by 1.8% to \$25.8 billion, while at the same time, the national average growth will be much lower at 0.8%. The number of industry establishments is expected to grow by 0.6% to 2,171 locations, given the higher level of demand within the region. To keep up with the regional market, employment within the industry is expected to grow by 2% to 93,719 workers, with industry wages rising by 2% to \$2.5 billion.

SUPERMARKETS IN HARRISONBURG, VIRGINIA MSA

The number of supermarkets within the Harrisonburg, Virginia MSA is estimated at **42** establishments,³⁶ producing an esteemed **\$269.4m** in total revenues³⁷ and hiring 856 full-time and part-time employees (including salaried officers).³⁸ The Harrisonburg, VA, MSA has no establishments larger than 100 employees. Thus, the focus of the analysis will be exclusive on Owner Operated and Grocery Stores under 99 employees. Our study found that 11 establishments with 1 to 4 employees produce a total of **\$7.5m a year** and have a total of 28 employees. Our analysis further found that the number of establishments between 5-9 employees equated to 6, bringing a total of **\$9.1m a year** and hiring 34 employees. The 10-19 employee segment equated to 4 locations, bringing in a total of **\$15.2m** in revenue with 53 total employees. Our analysis found five establishments within the 20-49 employee segment, bringing in a total of **\$36.1m** in annual revenue and hiring 136 employees. There are ten establishments within the 50-99 employees segment, bringing in a total of **\$200.4m** in revenue annually and employing an estimated 599 within the area. Our analysis shows that six (6) owner-operated smaller grocery stores produce a total of **\$900,000.00** in annual income.

Figure 10: Key Grocery Store Statistical Factors within the Harrisonburg, Virginia MSA

Harrisonburg, VA MSA	Employee Size of Establishment									Total
	1-4 Employees	5-9 Employees	10-19 Employees	20-49 Employees	50-99 Employees	100-249 Employees	250-499 Employees	>500 Employees	Owner Operated	
Number of Establishments	11	6	4	5	10	0	0	0	6	42
Total Sales per Segment	\$7.5m	\$9.1m	\$15.2m	\$36.1m	\$200.4m	\$0	\$0	\$0	\$0.9m	\$269.4m
Number of Employees	28	34	53	136	599	0	0	0	6	856

COMPETITORS WITHIN BRIDGEWATER, VIRGINIA

Within the market analysis, we wanted to look at the competition within Bridgewater, which may compete with the products and services they provide to the local market.

BRIDGEWATER GREAT VALUE

Bridgewater Great Value is a local neighborhood market located at **519 N. Main Street** in **Bridgewater, Virginia**. The company offers a full range of groceries, including fresh meats, fruits and vegetables, baked goods, deli products, a limited assortment of household products, and a food bar. Bridgewater Great Value offers some beer and wine products, household products, and a limited number of beauty products. Bridgewater Great Value provides various locally sourced products such as meats, vegetables, and fruits. Bridgewater Great Value accepts Food Stamps and WIC as other options for payment. This is a neighborhood grocery store with a larger footprint than most neighborhood stores.

FAMILY DOLLAR

The Family Dollar store is located at **602 N. Main Street** in **Bridgewater, Virginia**. The store carries various products, from groceries to household items, seasonal items, and beauty products. Family Dollar Stores, Inc. is a Chesapeake, Virginia

(Southampton Roads) based variety store with over 8,000 locations throughout the United States. Family Dollar was acquired by Dollar Tree in 2015. This is a traditional supermarket with lower prices products with some food items.

COMPETITORS OUTSIDE OF BRIDGEWATER, VIRGINIA

Within the market analysis, we wanted to look at the number of competitors close to Bridgewater, which may compete with the products and services they provide to the local market.

KROGERS

Krogers is located at **1790 E. Market Street**, in **Harrisonburg, Virginia**. The Kroger Co. is a public company headquartered in Ohio with an estimated 453,000 employees. They have several companies that they trade under, such as Bakers, CityMarket, Dillons, Food4Less, Foods CO, FredMeyer, Jewelers, fry's, Gerbels, Harris Teeter, Home Chef, Jay C Food Stores, Kroger, Marianos, Metro Market, Owens, Pay Less, Pick N Save, QFC, Ralphs, Toundys Ryler Foods, Smiths The little clinic, and Vitacost. The company has a significant market share in at least two industries in the U.S.: Online Grocery Sales and Retail Trade. Their most significant market share is in the Online Grocery Sales industry, where they account for an estimated 15.1% of total industry revenue and are considered a Laggard because they display lower market share alongside slower profit and revenue growth than their peers. Kroger Co. is one of the largest supermarket operators in the U.S. The company operates approximately 2,750 supermarkets under various names, such as Kroger, City Market, Dillons, JayC, Food 4 Less, and Smith's (as of November 2020). Nearly 1,600 of these stores have fuel centers, and approximately 2,255 have pharmacies. Kroger's supermarkets operate under one of four store formats: combination food and drug stores, multi-department stores, marketplace stores, and price impact warehouses. The combo stores are the primary food store format and typically draw customers from a 2- to 2.5-mile radius; multi-department stores are larger in size than combos and sell merchandise such as apparel, home furnishings, decor, outdoor living, electronics, automotive products, toys and fine jewelry; marketplace stores offer full-service grocery, pharmacy and beauty care departments, as well as general merchandise; and price impact warehouses offer low cost promotions for grocery, health and beauty items. We would consider Kroger's a supermarket.

FOOD LION

Seven (7) Food Lions are close to the Town of Bridgewater. Three of them are located in the town of Harrisonburg, with an additional three in Staunton and one in Grottoes. Koninklijke Ahold Delhaize N.V. is a private company with an estimated 372,000 employees. In the U.S., the company has a significant market share in at least one industry: Supermarkets & Grocery Stores, where they account for an estimated 6.6% of total industry revenue and are considered an All-Star because they display more substantial market share, profit, and revenue growth compared to their peers. The company trades under several brands, such as Ahold Delhaize USA, Food Lion, Fresh Direct, Giant, Hannaford, Pea Pod Digital Labs, Retail Business Services LLC, Stop & Shop, and The Giant Company. We consider Food Lion a supermarket within the region.

WALMART

There are **three (3)** Walmarts with proximity to the Town of Bridgewater, with two Walmart Supercenters and one Walmart Neighborhood Market, all located in the city of Harrisonburg. Walmart is a multinational retail corporation that operates a chain of hypermarkets (also known as Supercenters), discount department stores, and grocery stores in the United States, headquartered in Bentonville, Arkansas. Walmart has 10,586 stores and clubs in 24 countries, operating under 46 different names. Walmart Supercenters vary between 69,000 to 260,000 square feet but average about 178,000 square feet. Supercenters stock everything from meat, poultry, fish, baked goods, dairy products, produce, household items, a pharmacy, and restaurants. The Walmart Neighborhood Market is smaller, ranging from 28,000 to 65,000 square feet, with an average of 42,000 square feet. Within the Walmart Neighborhood Market, groceries account for 55% of company revenue. The Neighborhood Market sells fresh produce, deli, bakery, prepared foods, meat, dairy, organic, general grocery, frozen foods, cleaning products, and pet supplies. Walmart has 149 stores in the Commonwealth of Virginia, with 110 Supercenters and 20 Neighborhood markets. We consider Walmart a hypermarket within the region.

TARGET

Target is located at **1995 E. Market Street** in **Harrisonburg**, Virginia. Target offers Grocery services, pharmacy services, beer and wine, and household products. Target is the seventh largest retailer in the United States and has three key brand formats: its discount store Target, the hypermarket SuperTarget, and the "small format" called Target (formerly TargetExpress and CityTarget). Target has an estimated 1,947 stores in the United States and 51 supply chain facilities. The average Target location is about 135,000 square feet, while "small-format" CityTarget stores are roughly 80,000 square feet.

The new trend for Target has been to open "small-format" stores comprising less than 50,000 square feet of shopping space. We would consider Target a supermarket within the region.

COSTCO

Costco is located at **1830 Reservoir Street** in **Harrisonburg, Virginia**. Costco is a membership warehouse club, requiring patrons to establish and pay an annual membership to consume the products within its stores. Costco warehouses carry about 4,000 SKUs (stock-keeping units) compared to the 30,000 SKUs found at most supermarkets. As of 2020, Costco was the third largest retailer in the world³⁹ and the world's largest retailer of choice and prime beef, organic foods, rotisserie chicken, and wine. Costco has 845 warehouses worldwide, of which 578 are in the United States and Puerto Rico. Costco's Warehouses range from 80,000 square feet to 230,000 square feet, with an average of 146,000 square feet. We would consider Costco a hypermarket within the region.

DOLLAR TREE, AND FAMILY DOLLAR

There are **ten (10)** other Dollar Tree, and Family Dollar within the region. The store carries a variety of products, from groceries household items, seasonal items, and beauty products. Family Dollar Stores, Inc. is a Chesapeake, Virginia (Southampton Roads) based variety store with over 8,000 locations throughout the United States. Family Dollar was acquired by Dollar Tree in 2015. Family Dollar has ten Family Dollar, Dollar Tree, and Dollar General locations within the region, seven (7) in Harrisonburg, Virginia, one (1) in Staunton, Virginia, one (1) in Waynesboro, Virginia, and one in Fishersville, Virginia. We consider the Dollar Free family of companies a traditional supermarket within the region.

ALDI

Aldi is located at **1990 Country Club Road** in **Harrisonburg, Virginia**. Aldi is a German-based company with operations in the United States. It entered the United States via the acquisition of Trader Joe's and currently has 2,257 stores in 38 States. Stores are typically 17,825-18,000 square feet, with approximately 10,650 square feet of the sales floor. More than 90 percent of our products are ALDI-exclusive brands, and the nation's leading food producers manufacture many. Aldi offers 1,300 of the most commonly purchased grocery and household items within its stores, serving more than 30 million shoppers per month. The current stores serve an estimated two-thirds of the country's population from their existing distribution network. Over the next five years, Aldi plans to expand its customer base by adding an average of 130 new stores per year, bringing more than 700 customers to its location daily. We would consider the Aldi a traditional supermarket within the region.

MARTIN'S

Martin's has three locations within the region, one in Harrisonburg, the other in Staunton, and another in Waynesboro. Martin's is a subsidiary brand of The Giant Company owned by the Koninklijke Ahold Delhaize N.V. Founded in 1923 in Carlisle, PA; The Giant Company has nearly 190 stores in Pennsylvania, Maryland, Virginia, and West Virginia. Koninklijke Ahold Delhaize N.V. is a private company with an estimated 372,000 employees. In the U.S., the company has a significant market share in at least one industry: Supermarkets & Grocery Stores, where they account for an estimated 6.6% of total industry revenue and are considered an All-Star because they display more substantial market share, profit, and revenue growth compared to their peers. The company trades under several brands, such as Ahold Delhaize USA, Food Lion, Fresh Direct, Giant, Hannaford, Pea Pod Digital Labs, Retail Business Services LLC, Stop & Shop, and The Giant Company. We consider Martin's family of companies a traditional regional supermarket.

FOODMAXX

FoodMaxx is located at **924 W. Market Street**, in **Harrisonburg, Virginia**. FoodMaxx is an international based grocery store (predominantly Latin-based foods) and is one of the largest West Coast independently owned grocers in the United States. FoodMaxx is a deep discounter, with price being a dominant differentiation strategy. FoodMaxx focuses on customers who buy most, such as milk, eggs, bread, diapers, produce, and fresh meat. The average FoodMaxx is 37,600 square feet in size. The FoodMaxx brand is a subsidiary of Save Smart Supermarkets based in Modesto, California. They have nearly 244 locations throughout the United States. Their growth has been led by acquisitions of almost 110 stores of Albertsons in the California market. We consider the FoodMaxx family of companies a traditional supermarket within the region.

BUENA VISTA GROCERIES

Buena Vista Groceries is located at **774 E. Market Street**, in **Harrisonburg, Virginia**. The small independent grocery store has been operating for an estimated 17 years. The business employs approximately three people and focuses on the Latin

market. It is a smaller facility composed of less than 5,000 square feet. We would consider Buena Vista Grocery an ethnic market within the region.

LA BENEDICION INTERNATIONAL MARKET

La Benediction International Market is located on **1903 S. Main Street**, in **Harrisonburg, Virginia**. The small independent grocery store, offers fresh meats, smaller selection of vegetables and fruits, and household items. The facility has an inclination on latin products and is a smaller facility composed of less than 5,000 square feet. We would consider La Benediction International Market an ethnic market within the region.

ORIENTAL FOOD MARKET

Oriental Food Market is located at **821 South High Street** in **Harrisonburg, Virginia**. The small independent grocery store offers fresh meats, a smaller selection of vegetables and fruits, and household items. The facility has an inclination toward southeast Asian products and is a smaller facility composed of less than 5,000 square feet. We would consider Oriental Food Market an ethnic market within the region.

MARKET THREATS TO INDEPENDENT FOOD RETAILERS

Big Box retailers can potentially present a threat to smaller independent food retailers, given the Big Box retailers are formidable at achieving cost advantages.⁴⁰ A number of anecdotal accounts suggest that entry by larger mega stores has a negative impact on incumbents.^{41 42} These accounts cite as the defining factor in large, scale Big-Box stores is the severe cost advantage that defines its competitive advantage.⁴³ However, empirical research shows that, in general, Big-Box stores may actually lead smaller independent food retailers to achieve further growth by focusing on specialization on specific items and developing a competitive advantage based on differentiation of the product mix and added services.⁴⁴ Furthermore, the empirical data further shows that when a Big-Box store moves in and both entrants carry the same assortments of products, not all prices throughout the identical product mix decrease, but rather it's an uneven mix based on geography and demand.⁴⁵ Empirical data further shows that the entry of new grocery stores had no significant effect on the frequency of price change at incumbent grocery stores in the same zip code unless it was a Walmart.⁴⁶ Furthermore, if the independent retailer successfully develops a product mix different from the Big box store and is in close proximity to the larger Big-Box store, the empirical data suggest that traffic to both stores increases, fueling an increase in demand for both stores.⁴⁷ The empirical data shows that Independent Food Retailers that differentiate themselves by providing a unique product offering mix such as ethnic foods and locally sourced organic foods and place emphasis on home meal replacements, and delis, compete successfully with supercenters.⁴⁸

BRIDGEWATER'S ACCESS TO NUTRITIOUS FOODS

The United States Department of Agriculture (hereafter "USDA") defines *food deserts* as a composite indicator of low-income and low access to nutritious foods. A low-income *food desert* is defined as a "tract with either a poverty rate of 20 percent or more, or a median family income <80% of the statewide median family income; or a tract in a metropolitan area with a median family income <80% percent of the surrounding metropolitan area's median family income."⁴⁹ A low access tract is defined as "a tract where a significant number (at least 500 people) or share (at least 33%) of the population is >20 miles from the nearest supermarket, supercenter, or larger grocery store in a rural area."⁵⁰ The Town of Bridgewater does not qualify as a food desert given that it has access to multiple grocery stores within the 20-mile area.

LOCATION OF POTENTIAL SUPERMARKET

When undertaking the analysis, we found two available locations for the Supermarket within Town of Bridgewater. The first location was on Dinkel Ave, and the second location is on Turner Ashby Drive. Within the summary below we have detailed the analysis of both sites.

Dinkel Avenue: The site on 689 Dinkel Avenue is one of the main thoroughways into Bridgewater College and, thereafter, into the heart of Main Street. The area has some residential housing within. However, industrial and agricultural spaces are the main neighbors within the region. The street merges from two lanes into one lane each way prior to the Site choice. The site is composed of raw land and is in the process of being redeveloped into a commercial center. The site has good access to traffic from Highway 81 (a major North-South corridor) and is within walking distance of Bridgewater College. There have been recent commercial developments such as Smiley's Ice Cream and the Bridgewater Health Center.

Turner Ashby Drive: The site on Turner Ashby Drive is based on North Main Street, in the heart of the commercial center of the Town of Bridgewater. The vast majority of commercial enterprises and government facilities are off of North Main Street. The site is across Turner Ashby High School, with a well-established traffic pattern. North Main Street is divided into a two-lane highway (each way) that is separated by a median. The street already has an established signalized intersection and is a major artery into the middle school, high school, and main street. The area is slowly undergoing re-development with a bank developed behind the property and new high-value residential homes being developed behind the property.

TRAFFIC PATTERNS

The Turner Ashby Drive property has an esteemed Annual Average Daily Traffic (hereafter "AADT") pattern of 20,000 cars, while Dinkel Avenue obtains a 9,500 AADT of cars per day.⁵¹ Traffic patterns are critical within the Commercial Retail space, given that close proximity to other commercial areas drives business to the region. Furthermore, accessibility, and store visibility, are critical to traffic patterns and increased consumption within the region. The increased traffic pattern also increases the visibility of signage and marketing, decreasing the overall cost of marketing within the region.

CUSTOMER DEMAND BASED ON SURVEY

To further understand the consumer demand within the Town of Bridgewater, we undertook a survey to better understand the specific needs of the community. The survey provides insight into the habits, presences, and demographics of the community. The survey was undertaken by 559 people, which represents 9.04% of the population of Bridgewater. The number of participants makes the survey statistically significant and broadly represents the community.

Question 1: The survey obtain an overall response of 559 survey takers, with 66.01% of respondents being women and 33.99% of the survey takers being male.

Question 2: The largest portion of survey takers in terms of age was 66-75, composing 22.9% of all survey takers, with a second age group of respondents being 56-65 years of age, 19.32% of survey takers, 36-45 years of age composing 18.96% of respondents, 46-55 years of age composing 11.99%, 26-35 years of age comprising 11.63%, 16-25 years of age comprising 3.94% and the smallest group is 86+ of age at 1.43%.

Question 3: The supermajority of survey takers were White or Caucasian at 95.53%, while Hispanic or Latino comprised 1.25%, Black or African American was 0.72%, and 1.61% were another race.

Question 4: The employment status of the survey takers was predominantly Full-Time employed at 48.30%, with 36.14% of the survey takers being retired and 9.48% being employed part-time.

Questions 5 and 6: The average survey taker has three people living in their home, with 28.98% of the respondents having at least one child under the age of 18 living at home, while 71.02% did not.

Question 7: The average respondent with children had two children living at home under the age of 18.

Question 8: The income distribution of survey takers was very strong, with the largest respondents, 17.19%, making between \$100,000 to \$125,000, with the second group being those with \$125,001 to \$150,000, composing 12.28% of survey takers, with \$90,001-\$100,000 composing 11.61% of survey takers, people making \$70,001 to \$80,000, composing 9.6% of respondents, with \$60,001 to \$70,000 composing 9.38% of respondents, with \$50,001 to \$60,000 composing 7.37% of respondents, with \$80,001 to \$90,000 composing 6.47% of respondents, with \$40,001 to \$50,000 composing 6.25% of respondents, with \$30,001 to \$40,000 composing 3.57% of respondents, with \$20,001 to \$30,000 composing 2.68% of respondents, and with less than \$20,000 composing 1.56% of respondents. The survey finding shows that 59.6% of survey takers were making \$70,001 or more, which represents a financially strong section of the community.

Question 9: The majority of respondents, 52.68%, were the primary decision in grocery purchases, while 41.96% shared the responsibility in making these purchases, and 5.13% provided input, but decisions were made by others.

Question 10: The average survey taker went shopping twice a week.

Question 11: The survey takers were divided into five sections in terms of the amount spent per week, with 38.84% of survey takers spending more than \$115-\$200 a week, with 34.15% of survey takers spending more than \$60-\$115 a week,

with 16.29% of survey takers spending more than \$200-\$300 a week, with 6.25% of survey takers spending less than \$60 a week, and 4.46% of survey takers spending more than \$300 a week.

Question 12: The current average commuter travels more than 8 miles to a grocery store. When asked about the most important things to consider.

Question 14: When asked about what matters most when considering shopping in a grocery store, the most important thing was price, location, product selection, high product quality, ample selection of products, convenience, and product availability, as being the seven most important elements for survey takers. Other things that are important but not as important include access and ease of parking, access to local produce, hours of operation, shopping experience, and automated check-out as somewhat important. Things that were not as important include online ordering, delivery services, and SNAP and EBT acceptance.

Question 15: The large majority of survey takers shop at Food Lion (39.96%), Bridgewater Foods Supermarket (37.95%), Walmart Neighborhood Market (36.38%), Martin's (24.78%), Kroger's (14.06%), Sharp Shopper Grocery Outlet (10.04%), Family Dollar (2.46%), FoodMaxx International Market (1.79%), Oriental Food Market (0.45%), La Bendicion International Market (0.22%), and Other (20.31%). This means that 59.59% of survey takers leave the Town of Bridgewater to shop for their groceries.

Question 16: When asked about preference in terms of Private Labels versus Branded products, the survey takers are split nearly equally, with 50.22% preferring Branded Products, while 49.78% prefer Private labels.

Question 17: The majority of survey takers, 74.11%, believe that supermarkets have to be socially responsible, while 25.89% believe that they don't need to be socially responsible. The question defined socially responsible as being involved with charity, supporting the community, promote fair trade).

Question 18: A strong number of respondents (44.87%) would like to travel up to 10 minutes to shop at a grocery store, while 31.92% would like to travel up to 15 minutes to a grocery store, only 18.30% are willing to travel up to 20 minutes, and 4.69% up to 30 minutes, and 0.22% more than 30 minutes. This question shows that the vast majority of 76.76% would like to travel up to 15 minutes to purchase their groceries.

Question 20: When asked about the reasoning behind shopping at Supermarkets, 77.68% stated to do the weekly shopping, 11.83% purchased specific items, 6.47% stocked up on a freezer/fridge, 2.01% purchased food or a single item, and 2.01 for Other reasons.

Question 21: When asked what the most important factor in buying a product from the grocery store, 53.13% was quality, 31.03% was the price, 5.80% habits, 3.13% dietary information, 1.79% the look and feel of the product, and 5.13% for other reasons. Thus, the survey takers within Bridgewater prefer quality as the main with price a distant second.

Question 22: The 78.79% of survey takers were Married/Living with a partner, with 7.37% separated/divorced, 6.92% Single/ Never Married, and 6.92% Widowed.

CONSUMER DEMAND ANALYSIS

Based on the survey undertaken, we can decipher that the vast majority of Bridgewater residents want a shopping center that is up to 15 minutes away from them (76.79%), that is socially responsible to the community at large (74.11%), with a strong focus on price, location, product selection, high product quality, ample selection of products, convenience, and product availability. The survey found that 69.2% of survey takers made more than \$70,000, with 41.52% of the survey takers making over \$100,000. A supermajority of survey takers, 59.59%, spend more than \$115.00 per week on groceries, with 20.75% spending more than \$200 a week, above the national average. The vast majority of survey takers were married, 78.79%, with 28.98% having one child or more. These demographics are strong and support the demand conditions necessary for a national supermarket within the town of Bridgewater.

ECONOMIC FEASIBILITY



FINANCIAL SUMMARY

The Project consists of the redevelopment of raw parcels of land totaling **7.99 acres** of land to house a one-story 20,000 square feet or smaller Grocery Store. When developing the research, we looked at Grocery Stores within the Harrisonburg, Virginia, MSA Metroplex area that are not necessarily selected for direct comparability to the Project. Instead, they are chosen as a guideline group that shares similar characteristics and reflects the conditions and financial performance of the Project. Specifically, they demonstrate similar square footage, provide representative quantitative indicators, and reflect current transaction pricing in the industry. Thus, the Projects' comparative data is based on the sample's performance and characteristics as a whole rather than on any individual transaction selected. This model is based on estimates at the time of the Feasibility Study.

PROJECT FINANCIAL OVERVIEW

The Grocery Stores will be a one-story 20,000 square-foot or less building situated on a **7.99-acres** parcel. The Project's total development cost is estimated to be **\$3,439,861.00**. Within our analysis, the estimated Construction Cost is **\$256.88** a square foot for the 10,000 square foot facility, land, building, parking lots, and all the necessary building licenses and land analysis with a Hard Construction cost of **\$2,000,000.00** and a Soft Construction Cost of \$68,750.00 with \$25,000.00 of Project Contingency Costs. The Total Buyers equity will be **\$1,800,000.00** (land equity minus debt). The land has an

outstanding loan of **\$1,750,000.00** which will be included in the loan for redevelopment. The land's estimated current value is \$2,300,000.00. The Loan-to-Value (LTV) of the Project would be **62.21%**, well below the baseline requirements set forth by the Small Business Administration Loan of 80%. The Project would require spa equipment cost of **\$500,000.00**. The Operations Expenses are, among other things, training, Specialty Drinks inventory, spa service materials, and inventory necessary to open operations at \$58,836.96. The Working Capital essential to open the Grocery Store is \$300,091.00.

Figure 11 - Project Financial Summary Overview

Project Description	Grocery Store located at Turner Ashby Drive, Bridgewater, Virginia 22812	
Building Uses:	Square Feet	
Renovation Building Size	20,000	
Total Gross Usable Square Footage	20,000	
Site Size		7.99 Acre
Land Zoning		B1 – Commercial Retail Use
Cost Per Square Foot (Hard and Soft Costs)	(USD)	\$175.40
Land Debt	(USD)	\$1,750,000.00
Hard Costs	(USD)	\$3,126,600.00
Soft Costs	(USD)	\$381,445.20
Furniture and Equipment	(USD)	\$485,394.00
Inventory	(USD)	\$700,000.00
Development Timeframe		10 to 14 months
Total Project Costs		\$6,443,439.20

HARD CONSTRUCTION COSTS

Hard costs are often referred to as "brick-and-mortar costs" and any costs associated with the building or Project's physical construction, equipment used, and labor related to the construction of the Project. Based on our analysis, the Total Estimated Hard Costs were **\$3,126,600.00**, comprising \$2,501,600.00 in on-site development and infrastructure costs, \$375,000.00 for Parking and Loading and Unloading Areas, and \$250,000.00 in inflation-adjusted variable costs moving forward. The average price per square foot to build a Grocery Store in the U.S. is from **\$62.77 to \$125.08 per square foot**. Within our model, the Total Cost Per Square Foot was **\$125.08 (based on non-union labor)**, on the high range of costs given the Lot is raw and will require major changes to make the Project desirable within the demographics. Many factors go into making up the cost per square foot of an Industrial Complex. Although inflation for construction increased by 8.5% from 2021 to 2022, we believe that by the time this Project is undertaken that inflationary pressure will have subsided; however, to strengthen the model, we added a \$250,000.00 contingency as a measure to keep up with inflation.

Hard Costs in construction are costs directly related to the physical structure of a building. These costs include the building materials and construction labor. Examples of Hard Costs include but are not limited to General Contractor Costs, including Labor, Overhead, and Profit. For Subcontractors, this could mean individuals such as Electricians, Plumbers, and HVAC

Figure 12 - Estimated Hard Construction Costs - Construction and Delivery

Itemized Hard Costs	Cost in Dollars (USD)		Cost Per Square Foot
Hard Construction Costs	\$	2,501,600.00	\$ 125.08
Parking and Loading and Unloading Area	\$	375,000.00	\$ 75.00
Inflation Variable at 10%	\$	250,000.00	\$ 12.50
Total Site Hard Costs	\$	3,126,600.00	\$ 212.58

installation. This could include shipping of Structural Materials, Finish materials, Fixtures & Appliances, Furnishings, and Landscaping for materials costs.

SOFT CONSTRUCTION COSTS

Soft costs are associated with non-tangible items, such as architectural, engineering, financing, legal fees, and other pre-and post-construction expenses. Based on our model, we estimate the Soft Cost for this Project to be **\$381,445.20**, of which \$62,532.00 is for Project Contingencies.

Figure 13 - Estimated Soft Costs - Building and Site Construction

Itemized Soft Costs	Cost in Dollars (USD)	
Architecture, Engineering and Interiors	\$	156,330.00
Project Management	\$	93,798.00
State and Local Licenses and Permits	\$	15,633.00
Professional Fees	\$	9,379.80
Legal, Security, and Other Costs	\$	18,759.60
Utility Cost During Construction	\$	25,012.80
Project Contingency	\$	62,532.00
Estimated Soft Cost - Building and Site Construction	\$	381,445.20

FURNITURE AND EQUIPMENT

The Project will require **\$485,394.00** in furniture and equipment. The Furniture and Equipment include everything necessary to provide the services, including check-out counters, shelving, refrigerators, compactors, grocery cars, electronic grocery carts, and self-check-out counters for the grocery store.

Figure 14 - Estimated Furniture Costs

Itemized Soft Costs	Cost in Dollars (USD)	
Cash Registers	\$	42,500.00
Check Stands	\$	12,000.00
Self Check-Out Registers	\$	68,000.00
Compactors	\$	24,000.00
Grocery Carts	\$	9,750.00
Electronic Grocery Carts	\$	9,144.00
Shelving	\$	145,000.00
Refrigeration	\$	175,000.00
Estimated Soft Cost - Building and Site Construction	\$	485,394.00

COMMERCIAL LENDING ASSUMPTIONS

The Total Construction Cost for the Project will be **\$6,443,439.20**. The Grocery retailers would have to bring a 20% Down Payment of \$1,288,687.84. Within our financial assumptions, we baselines the Annual Property Appreciation at 6%, which is conservative, given that within the region, the current baseline property appreciation is 6%. We estimated a 1% Loan Origination Fee. The project Sponsor may be interested in undertaking a Commercial Loan. Our market analysis found that commercial loans for owner-occupied Projects are between a competitive rate of **8.5% to 11%**. Our model estimated an Annual Interest Rate of **8.75% fixed**. The amortization term was set at 30 years, and the number of years to repay the loan was ten years. This brought the Interests Only Monthly Payment to **\$37,586.73**. Based on our estimates, the Project Sponsor would have to pay **\$4,510,407.60** in interest payments within the timeframe and re-finance in the 10th year.

Figure 15 - Commercial Lending Assumptions

Item	Financial Assumptions
Project Total Cost	\$6,443,439.20
Down Payment	\$1,288,687.84
Project Financing Amount	\$5,154,751.36
Annual Property Appreciation	
Loan Origination Fee	1%
Loan Origination Amount	\$51,547.51
Annual Interest Rate Commercial	8.75%
Amortization Term	30 Years
Ballon Payment	10 Year
Interest Only Monthly Payment	\$37,586.73
Annual Interest Payment	\$451,040.76
Total Interest Paid on Life of Loan	\$4,510,407.60

REPAYMENT SCHEDULE

The repayment timeframe will be ten (10) years, with a thirty (30) year amortization rate. Our model was developed based on an **8.75%** interest rate with a 30-year amortization schedule. The annualized interest-only payments will be **\$451,040.76** per year.

BUILDING USE

Post-development, the building will house a 20,000 square feet, 18-foot single-story Grocery Store. The Grocery Store will own and operate the entire facility. The materials and design would render the building a Class-A Commercial space with the current zoning allowance by right.

PROJECT RENOVATION COST

The Project's total development cost is estimated to be **\$6,443,439.20**. Our financial model shows that the Buyers' Equity will be land equity of \$1,288,687.84 via a deposit. The **Loan-to-Value (LTV)** of the Project based on these numbers will be **80%**, a healthy LTV, and on-par with the general lending requirement of 80%.

Figure 16 - Project Development Costs

Item	Financial Assumptions
Project Total Cost	\$6,443,439.20
Buyers Equity Cash	\$1,288,687.84
Loan To Value Ratio (LTV)	80.00%

GROSS OPERATING INCOME

Our modeling of the financial assumptions is based on eight varying income assumptions. The primary income assumptions are Fresh and Frozen Meat, Fruits and Vegetables, Bakery Goods, and Prepared Foods, Beverages, Dairy and Egg, Frozen Foods, Other Foods, and Other Non-Food Items as critical areas for revenues. Our model was based on 500 transactions a day for year 1, based on the average national consumption model in the United States (see Pages 19 and 20). We have itemized each section and explained the assumptions with the financial model for each income segment. Tables 6 and 7 on the next page itemize the number of transactions annually and show modeled projections and the average price per transaction. The tables also show the price increases in terms of inflation pressures and demand conditions for the services offered by the Grocery Store.

Figure 17: Number of Transactions per Segment per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Fresh and Frozen Meat	24,820	25,565	26,332	27,121	27,935
Fruits and Vegetables	22,448	23,121	23,815	24,529	25,265
Bakery Goods & Prepared Foods	20,988	21,617	22,266	22,934	23,622
Beverages	14,600	15,038	15,489	15,954	16,432
Dairy and Egg Products	14,053	14,474	14,908	15,356	15,816
Frozen Foods	11,498	11,842	12,198	12,564	12,941
Other Foods	43,983	45,302	46,661	48,061	49,503
Other Non-Food Items	30,113	31,016	31,946	32,905	33,892
Total Number of Transactions	182,500	187,975	193,614	199,423	205,405

Figure 18: Average Price per Ticket per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Fresh and Frozen Meat	\$20.13	\$20.93	\$21.77	\$22.64	\$23.55
Fruit and Vegetables	\$18.20	\$18.93	\$19.69	\$20.48	\$21.30
Bakery Goods & Prepared Foods	\$17.02	\$17.70	\$18.41	\$19.15	\$19.91
Beverages	\$11.84	\$12.31	\$12.81	\$13.32	\$13.85
Dairy and Egg Products	\$11.40	\$11.85	\$12.33	\$12.82	\$13.33
Frozen Foods	\$9.32	\$9.70	\$10.08	\$10.49	\$10.91
Other Foods	\$35.67	\$37.09	\$38.58	\$40.12	\$41.73
Other Non-Food Items	\$24.42	\$25.40	\$26.41	\$27.47	\$28.57
Average Transaction	\$148.00	\$153.92	\$160.08	\$166.48	\$173.14
Annual Change		4%	4%	4%	4%

Fresh and Frozen Meat: The financial model estimates 24,820 transactions within this category in year 1 or 68 transactions in this category per day. The model is based on an **average of 500 total customers** a day for Year 1, increasing by 3% per year by Year 5. As with any Grocery, traffic flow will be substantially higher on weekends and holidays, slower during the weekdays, and increasing during the weeknights. However, it is critical to understand that working from home is changing customer behavior by allowing customers to come during the day at a rate that would have been prohibitive before COVID-19. Our model averaged the admissions cost at a conservative \$20 to \$25 (based on promotions) for Year 1. Our research found that the average household spending is \$20.13 per week. We used a mean price of **\$20.13** per transaction for our model, given the general propensity of price differential based on continuous and one-time promotions. Our model increased the annual admissions to 27,935 by Year 5 and increased the cost of entries by 4% a year to a mean of **\$23.55** to address inflationary pressures.

Fruits and Vegetables: The financial model considered the income generated from fruit and vegetable sales. Our economic model estimated 22,448 transactions for Year 1 or an average of 61.5 transactions per day. Our model's mean transaction of **\$18.20** per week within this segment. Our financial model used a price in the lower quartile to be conservative within our model. We expect the number of transactions to increase to 25,265 by Year 5, with an average per-ticket transaction of **\$21.30**.

Bakery Goods and Prepared Foods: The financial model considered the income generated from Bakery and Prepared Foods. Our model estimated 20,988 transactions in Year 1 or 57.5 transactions per day. Our model average transaction price of **\$17.02**. The average transaction price is based on the average check size for a grocery store in a small town such as

Bridgewater. Our model increased the number of transactions to 23,622 per year by Year 5, with the average transaction price rising to **\$19.91** based on inflationary pressures.

Beverages: The financial model considered the income generated from Beverages. Our model estimated 14,600 transactions in year 1, or 40 transactions per day. Our model's average transaction price of **\$11.84**. The average transaction price is based on the average check size for a grocery store in a small town such as Bridgewater. Our model increased the number of transactions to 16,432 per year by year 5, with the average transaction price rising to **\$13.85** based on inflationary pressures.

Dairy and Egg Products: The financial model considered the income generated from Dairy and Egg Products. Our model estimated 14,053 transactions in Year 1 or 38.5 transactions per day. Our model average transaction price of **\$11.40**. The average transaction price is based on the average check size for a grocery store in a small town such as Bridgewater. Our model increased the number of transactions to 15,816 per year by Year 5, with the average transaction price rising to **\$13.33** based on inflationary pressures.

Frozen Foods: The financial model considered the income generated from Frozen Foods. Our model estimated 11,498 transactions in year 1 or 31.5 transactions per day. Our model average transaction price of **\$9.32**. The average transaction price is based on the average check size for a grocery store in a small town such as Bridgewater. Our model increased the number of transactions to 12,941 per year by year 5, with the average transaction price rising to **\$10.91** based on inflationary pressures.

Other Foods: The financial model considered the income generated from Other Foods. Our model estimated 43,983 transactions in year 1 or 120.5 transactions per day. Our model average transaction price of **\$35.67**. The average transaction price is based on the average check size for a grocery store in a small town such as Bridgewater. Our model increased the number of transactions to 49,503 per year by year 5, with the average transaction price rising to **\$41.73** based on inflationary pressures.

Other Non-Food Items: The financial model considered the income generated from Other Non-Food Items. Our model estimated 30,113 transactions in year 1 or 82.5 transactions per day. Our model average transaction price of **\$24.42**. The average transaction price is based on the average check size for a grocery store in a small town such as Bridgewater. Our model increased the number of transactions to 33,893 per year by year 5, with the average transaction price rising to **\$28.57** based on inflationary pressures.

Total Revenues Forecast per Segment: The financial model took each section's revenues and estimated a growth rate of 3% per year and an inflation-adjusted income of foods eaten at home of 4% per year. The Grocery Store will be centrally located within the town and obtain traffic from individuals not living within the city yet working or traveling to the city for convenience, thus developing a competitive geographic advantage to the overall Project. Our model averaged a \$148.00 weekly check for the household, which, based on the Survey, is below the average by most survey takers. However, we wanted to incorporate a more conservative model to ensure Project profitability. Our income model is solely projected on pure Fresh and Frozen Meat, Fruits and Vegetables, Bakery Goods and Prepared Foods, Beverages, Dairy and Egg Products, Frozen Foods, Other Foods, and Other Non-Food Items as revenue centers. Given the region's economic strength and the prospect of growth within the critical demographics within the area, we believe that these estimates are a very conservative measure of the potential financial activity for the Grocery Store. As per Table 8, the Revenue Forecast Per Segment is projected to be **\$4,009,742.54** for Year 1, growing to **\$5,273,572.33 by Year 5** of operations. Our model only expects about 500 transactions per day or 3,500 transactions a week, which is low in consideration to other shopping venues, such as Aldi, that have an estimated 700 transactions a day. We estimated the average daily traffic in the Town of Bridgewater to be somewhere in the 8,350 range for people who commute to Bridgewater for work, the student body, faculty and administration that come to Bridgewater College, and other employees within the town. Based on the 8,350 total daily traffic, our model estimates a 41.91% customer rate. This would mean the new store would be a substitute for Food Lion and Walmart Neighborhood Store.

Figure 19: Revenue Forecast per Segment

	Year 1	Year 2	Year 3	Year 4	Year 5
Fresh and Frozen Meat	\$499,576.96	\$535,146.84	\$573,249.29	\$614,064.64	\$657,786.05
Fruit and Vegetables	\$408,634.29	\$437,729.05	\$468,895.36	\$502,280.71	\$538,043.10
Bakery Goods & Prepared Foods	\$357,207.25	\$382,640.41	\$409,884.40	\$439,068.17	\$470,329.83
Beverages	\$172,864.00	\$185,171.92	\$198,356.16	\$212,479.12	\$227,607.63
Dairy and Egg Products	\$160,142.29	\$171,544.42	\$183,758.38	\$196,841.98	\$210,857.13
Frozen Foods	\$107,202.69	\$114,835.52	\$123,011.81	\$131,770.25	\$141,152.29
Other Foods	\$1,568,767.81	\$1,680,464.08	\$1,800,113.12	\$1,928,281.17	\$2,065,574.79
Other Non-Food Items	\$735,347.25	\$787,703.97	\$843,788.50	\$903,866.24	\$968,221.51
Total Revenue	\$4,009,742.54	\$4,295,236.21	\$4,601,057.03	\$4,928,652.29	\$5,279,572.33

GROSS OPERATING EXPENSES

Our financial analysis model incorporated all the expenses in managing, maintaining, growing, and sustaining the Project Sponsor. The economic analysis for estimated employment costs used PayScale and Glassdoor to review the comparable pricing for the various human capital activities. We incorporated the average total compensation package as a cost model into our expense model. We increased the cost for all expenses by 6.75% per year to maintain inflation. We used an experience base of 5 to 10 years as a critical parameter for the General Manager, given that experience in that field is crucial to operational performance. We used an experience base of 3 to 5 years as a critical parameter for the Assistant Manager. We used an experience base of 1 to 3 years as a vital parameter for all other staff, given that experience in that field is not crucial to operational performance. The Stock Clerks were priced at **\$30,000.00 per year** at a forty-hour work-week. We added 12% for additional costs and payments based on benefits. Cashiers were modeled at **\$26,113.00 per year**. We added 12% for additional costs and payments based on benefits. Custodian was priced at **\$32,000.00 per year**. We added 12% for additional costs and payments based on benefits. Baggers were priced at **\$26,113.00 per year**. We added 12% for additional costs and payments based on benefits. Meat Cutter was priced at **\$35,000.00 per year**. We added 12% for additional costs and payments based on benefits. Shipping and Receiving were priced at **\$32,000.00 per year**. We added 12% for additional costs and payments based on benefits. The manager was priced at **\$41,600.00 per year**. We added 12% for additional costs and payments based on benefits. Assistant Manager was priced at **\$37,440.00 per year**. We added 12% for additional costs and payments based on benefits. The model had a total of **25 Full-Time Equivalent Employees** in the First-Year, totaling **\$812,367.04**.

Figure 20 - Human Capital Costs for Year 1 of Operations

Personnel	Quantity Full Time Equivalent (FTE)	Annual Cost per Person (USD)	Total Annual Costs (Benefit+)
Grocery Store Human Capital Requirement			
Stock Clerk	6	\$ 30,000.00	\$ 201,600.00
Cashiers	10	\$ 26,113.00	\$ 292,465.60
Custodian	1	\$ 32,000.00	\$ 35,840.00
Baggers	4	\$ 26,113.00	\$ 116,986.24
Meat Cutter	1	\$ 33,000.00	\$ 36,960.00
Shipping and Receiving Clerk	1	\$ 35,000.00	\$ 39,200.00
Manager	1	\$ 41,600.00	\$ 47,008.00
Assistant Manager	1	\$ 37,440.00	\$ 42,307.20
Total	25		\$ 812,367.04

We developed a core team of employees working full-time to operate, grow, maintain, and focus on customer service within our Financial Model. The model focused on check-in staff, servers, managers, masseuses, and the cleaning crew. The financial model estimated the costs based on an hourly opening and event preparation schedule and converted them into monthly baseline expenses.

The cost of Goods Sold is measured at 55% to 56% each year, given the high inventory requirement. The Cost of Good will go from \$2,205,358.40 in year 1 to \$2,956,560.50 by year 5. **Salary and Wages** were configured for 25 full-time employees, focusing on management, cleaning, stocking, prepping, and customer service. **Selling, General, and Administrative Variable Expenses** are expenses such as electricity, marketing, and the upkeep of equipment and materials. Variable Expenses may vary based on the year and the various forms of services provided. **Selling, General, and Administrative Fixed Expenses** are associated with insurance, phone, internet, and similar costs. The total expenses for **Year 1** are estimated at **\$3,338,504.84**, growing to **\$4,502,571.27** by **Year 5**. The Gross Operating Expenses Chart in Table 9 presents the projected expenses for the coming five years.

Figure 21: Gross Operating Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5
Cost of Goods Sold	\$ 2,205,358.40	\$ 2,362,379.91	\$ 2,530,581.36	\$ 2,710,758.76	\$ 2,956,560.50
Salary and Wages	\$ 812,367.04	\$ 885,480.07	\$ 929,754.08	\$ 957,646.70	\$ 986,376.10
SG&A Variable Expenses	\$ 160,389.70	\$ 171,809.45	\$ 184,042.28	\$ 197,146.09	\$ 211,182.89
SG&A Fixed Expenses	\$ 40,097.43	\$ 42,952.36	\$ 46,010.57	\$ 49,286.52	\$ 84,473.16
Credit Card Processing	\$ 120,292.28	\$ 128,857.09	\$ 138,031.71	\$ 147,859.57	\$ 158,387.17
Total Expenses	\$ 3,338,504.84	\$ 3,591,478.89	\$ 3,828,420.00	\$ 4,062,697.64	\$ 4,396,979.83

GROSS PROFIT

Our Gross Profit modeling and analysis show that the Project will see a positive under strong management in Year 1. Our forecast showed a Gross Profit of **\$871,724.83**. The second-year stabilized Gross Profit would increase to **\$918,519.13**. Our model estimates that the Gross Profit for Year 5 would be **\$1,178,248.55**. The Gross Profit as a percentage would increase from 21.74% in Year 1 to 22.32% by Year 5.

Figure 22: Gross Profit

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$ 4,009,742.54	\$ 4,295,236.21	\$ 4,601,057.03	\$ 4,928,652.29	\$ 5,279,572.33
Total Expenses	\$ 3,138,017.71	\$ 3,376,717.07	\$ 3,598,367.15	\$ 3,816,265.03	\$ 4,101,323.78
Gross Profit	\$ 871,724.83	\$ 918,519.13	\$ 1,002,689.87	\$ 1,112,387.26	\$ 1,178,248.55
Gross Profit %	21.74%	21.38%	21.79%	22.57%	22.32%

REPAYMENT MODEL

For the lending vehicle, we obtained current market rates for commercial financing from the Wall Street Journal's average commercial lending rate, which, as of this Feasibility Study, stood between 8.50% and 11%. The repayment timeframe will be ten years. Our model was developed based on an **8.75%** interest rate with a **30-year** amortization schedule. The repayment schedule will be monthly, with interest-only payments of **\$37,586.73 per month** or **\$451,040.76 per year**.

PROJECT PROFITABILITY

In year 1, the Project will have a positive EBITDA income of **\$671,237.70 with Net Earnings of \$101,592.71**, increasing to a sustainable EBITDA of **\$703,757.32** by year 2. Our model incorporated a Depreciation Rate on the re-development of commercial property based on the 39 years allotted by the Internal Revenue Service for commercial projects. Our model also included a Federal Corporate Tax Rate of 22%. As the Project increases its visibility, engagement will grow to a sustainable positive EBITDA of **\$1,268,198.43 in year 5**. Net Earnings will grow from **\$101,592.71** in year 1 to **\$567,222.08** by year 5. The Project Profitability chart below presents the overall assumptions and profitability of the Project for the coming five years. The Analysis also looked at Selling, General, and Administrative Expenses (SG&A) of

\$200,487.13 for year 1, increasing to \$295,656.05 by year 5. The model also incorporated the annual Interest only Payment for the loan of **\$451,040.76 per year**. Based on our financial and economic Analysis HafeziCapital maintains that the operational cashflows developed by this Feasibility show that the Project is viable and has a strong chance of success. Our Financial model is conservative.

Figure 23 - Project Profitability

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	\$ 4,009,742.54	\$ 4,295,236.21	\$ 4,601,057.03	\$ 4,928,652.29	\$ 5,279,572.33
Cost Of Goods Sold	\$ 3,138,017.71	\$ 3,376,717.07	\$ 3,598,367.15	\$ 3,816,265.03	\$ 4,101,323.78
Gross Profit	\$ 871,724.83	\$ 918,519.13	\$ 1,002,689.87	\$ 1,112,387.26	\$ 1,178,248.55
Depreciation	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88	\$ 89,949.88
SG&A	\$ 200,487.13	\$ 214,761.81	\$ 230,052.85	\$ 246,432.61	\$ 295,656.05
Interest Only Commercial Loan	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76	\$ 451,040.76
Earnings Before Taxes	\$ 130,247.06	\$ 162,766.69	\$ 231,646.39	\$ 661,346.50	\$ 727,207.79
Taxes at 22%	\$ 28,654.35	\$ 35,808.67	\$ 50,962.20	\$ 145,496.23	\$ 159,985.71
Net Earnings	\$ 101,592.71	\$ 126,958.02	\$ 180,684.18	\$ 515,850.27	\$ 567,222.08
EBITDA	\$ 671,237.70	\$ 703,757.32	\$ 772,637.02	\$ 997,728.99	\$ 1,268,198.43

SENSITIVITY ANALYSIS

We undertook a sensitivity analysis to understand the economic conditions better if there were a 5%, 10%, or 15% decrease in sales from the Total Revenues modeled. The Project would be EBITA positive under all three scenarios. However, the Net Earnings would turn negative with a -15% drop in Total Top line revenues, with no changes to employment. If we changed employment by less than 10%, the Net Earnings would be positive and constitute a gain within the Project. Given that this location would be one of two locations within Bridgewater, we cannot see Top line Revenues decrease by such a substantial amount, given demographic shifts such as population increase and education growth.

Figure 24: Sensitivity Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
EBITA Model	\$ 671,237.70	\$ 703,757.32	\$ 772,637.02	\$ 997,728.99	\$ 1,268,198.43
EBITA -5% Total Sales	\$ 470,750.57	\$ 488,995.51	\$ 542,584.17	\$ 751,296.38	\$ 1,004,219.82
EBITA -10% Total Sales	\$ 270,263.45	\$ 274,233.70	\$ 312,531.32	\$ 504,863.76	\$ 740,241.20
EBITA -15% Total Sales	\$ 69,776.32	\$ 59,471.89	\$ 82,478.47	\$ 258,431.15	\$ 476,262.58

ANALYSIS AND RECOMMENDATIONS



PROPOSED SITES

The Town of Bridgewater provided two potential locations for the grocery store. One of the sites was on Dinkel Avenue, and the other was on Main Street. Here is the analysis of each of the locations.

Dinkel Avenue Location: The first location (hereafter “Location A”) is a new development on Dinkel Avenue, close to the Bridgewater Health Center. Dinkel Avenue is one of the main thoroughways into and out of the Town of Bridgewater. Dinkel Avenue connects the Town with Interstate 81 on one side and Main Street on the other. The site is in a good location, has good visibility, and has several projects being developed around the area, such as Smiley’s Ice Cream, the Bridgewater Health Center, and Cooper Ridge Animal Hospital. The site is easily accessible to the College of Bridgewater and its neighboring residential areas. However, based on our analysis, we do not believe that Location A presents the best location for a grocery store:

1. The current road composition does not support large traffic volumes, given that the road is primarily composed of one lane, each going North-West to South-East
2. The road is far away from the heart of the Town of Bridgewater, which is primarily situated on Main Street
3. The site may need to provide square footage to host a grocery store and ample parking, which is a limiting factor
4. Other areas within the Town of Bridgewater have more robust traffic volumes than Dinkel Avenue



Figure 25: Dinkel Avenue proposed site

Turner Ashby Drive Location: The second location (hereafter "Location B") is on Turner Ashby Drive with access from Main Street and is across from Turner Ashby High School and John W. Wayland Elementary School. The location is an extension of Main Street and on the edges of the Town of Bridgewater. The site is on a major intersection with two lanes going away, with dedicated turning lanes. The location has a housing development on the southwestern side, with new residential buildings planned for development close to the site. Location B comprises 26.76 acres of land that can be subdivided into two parcels (7.99 acres and 18.77 acres). Location B is on John Wayland Highway, a significant traffic way for the Town of Bridgewater, attracting more than 20,000 annual daily traffic within this road segment. The development of the land will extend the commercial segment of Main Street, further helping drive business traffic to other businesses within Main Street.



Figure 26: Turner Ashby Drive proposed site

SITE RECOMMENDATION

Based on the general principles of commercial real estate, our recommendation is to focus on developing the grocery store in Turner Ashbury Drive, given that the location provides the most robust traffic flow within the Town of Bridgewater, is centrally located off of Main Street (the heart of the Town of Bridgewater), is close to both the Elementary School and the High School, close and ease of access to residential communities, and allows for the extension of Main Streets business district. The site can support the additional traffic flow, given that the site has wider roads, allowing for easy access. The site also provides strong visibility from Main Street and ease of access from the High School, allowing students, teachers, and parents to access the site for food consumption pre and post-school activities.

GROCERY STORE SIZE

Focusing on large-format grocery stores may be less effective for the Town of Bridgewater. Large format grocery stores (25,000 square feet+) and super-center require a consistent number of customers and inhabitants within a geographic location. Based on our analysis, the Town of Bridgewater's demographic may not suit the business model of most large chain grocery stores, which look to have a population of above 9,000 inhabitants before potentially opening a new grocery store within the market.

However, the Town of Bridgewater can attract small-format grocery stores composed of less than 25,000 square feet. Small-format grocery stores provide critical necessities within the town, such as fruits, vegetables, protein, household goods, and canned goods. They would provide a food variety from existing products sold within the Town of Bridgewater and the larger geographic area. It would allow for a diversity of product offerings and potentially decrease the price of products based on which brand decides to enter the market. A small-format grocery store would be successful given the population, demand, and financial demographics of the Town of Bridgewater.

TARGETED BRANDS

Based on our market analysis, Hafezi Capital recommends the following key brands as potential customers for the Town of Bridgewater. The **primary targets** should be Aldi, Lidl, Trader Joe's, and Amazon Fresh. They provide the critical elements within the Bridgewater market and a unique experience for those within Bridgewater and its neighboring cities. Furthermore, Aldi, Lidl, and Trader Joe's provide a differentiated product from those currently being delivered within the Town of Bridgewater or its surrounding areas. This factor is further reinforced in the surveys undertaken in the town requesting product variety. These stores also provide more value to the Bridgewater consumer, one of the top requests within the survey undertaken. The **secondary targets** would be Fresh Market and MOM's Organic Market. The latter two are niche brands providing the organic product at the quality of Whole Foods but at a lower price, while the former are larger-scale suburban grocery stores below 25,000 square feet. The **tertiary target** would be Balducci's, Premium stores with an international selection of products.

PRIMARY TARGETS

The recommendation is to focus on the primary targets, given that they provide the product mix and pricing model that the Town of Bridgewater would like based on the survey undertaken. The critical marks within this section are as follows:

ALDI

Aldi is a provider of a smaller store format. Stores are generally between 17,825 to 18,000 square feet, with approximately 10,650 square feet of sales floor. They are open only during prime shopping hours (most Aldi stores are available for less than 11 hours), thus limiting late nite traffic and noise-related issues within a 24-hour establishment. Aldi establishments are within 2.5-acre pads with a minimum of 87' frontage. They require a dense trade area within a 3-mile radius of the store. The site must be located within the Community and regional shopping districts and have convenient access for the population. Aldi looks for locations with a 20,000 average daily vehicle count for its establishments. Aldi offers a selection of 900, with up to 95% of the products being private-label. Aldi would create a diversity of product offerings within the Town of Bridgewater while decreasing the per-unit cost of products. The lot size, location, and offering align with the requirements set forth by Aldi, and the product mix aligns with the needs of the Community.

AMAZON FRESH

Amazon Fresh is an online and physical grocery store owned by Amazon. The store allows individuals to purchase a product via their Amazon Fresh account by registering their account when entering the physical store, placing items within their physical cart, and paying via "Just Walk Out Shopping," a seamless cashier-less payment method configures Amazon Prime

with the cart. The stores are between 25,000 square feet to 45,000 square feet in size. Amazon Fresh is also an online fulfillment center for online orders. Given that the Town of Bridgewater is close to a few major universities and retirement communities, this presents an opportunity to expand the customer base into neighboring cities via digital ordering and delivery and establish a solid in-person customer base. Amazon Fresh has existing operations within the Northern Virginia area, with stores in Arlington, Fairfax County, and Manassas. Amazon Fresh could be a good option for the Town of Bridgewater if it is positioned to deliver beyond Bridgewater to Harrisonburg, Staunton, and other neighboring cities for online ordering and fulfillment.

LIDL

Lidl has an estimated 177 stores in the United States, with 33 retail stores in the Commonwealth of Virginia (more than any other State). Lidl stores are between 14,000 to 21,000 square feet and feature over 3,500 products. Lidl requires a minimum of 0.75 acres for its development projects. Lidl has a large selection of Private Label products, composing nearly 80% of its product offering. Lidl's requirement is for prospective locations close to customers, preferring to be on the main road within each Community. Lidl requires that the population within a 15-mile radius be above 10,000 people. The Town of Bridgewater has a population capture of 23,412 within a 5-mile radius. The lot size, location, and offering align with the requirements of Lidl, and the product mix aligns with the needs of the Community.

TRADER JOE'S

Trader Joe's is an eclectic store well-known for its loyal customer base for low prices and a unique assortment of food items, including salsas, cheeses, and ready-to-eat packaged meals. Trader Joe's focuses its product base on Private Labels, which account for 805 of its 4,000 units of products per year. It is critical to note that Trader Joe's discontinues products routinely, thus keeping its customers returning for new product experiences. Trader Joe's claims its products are free of artificial flavors, preservatives, synthetic colors, genetically modified ingredients, and artificial trans fats. Trader Joe's has 15 stores in Virginia, making it the 10th most state in the United States. Locations include one in Charlottesville, Virginia. Trader Joe's location selection is based on being in a value location within a market with \$10,000 higher than the U.S. median income, with a healthy number of customers who value frugality. They focus on setting up locations in cheaper locations within expensive areas. Trader Joe's seeks land between 2 to 4 acres site, developing 12,500 to 15,000 square feet with excellent visibility. The lot size, location, and offering align with the requirements set forth by Trader Joe's, and the product mix aligns with the needs of the Community.

SECONDARY TARGETS

The secondary targets provide the required materials based on the product mix, yet the pricing model may be more elevated. The critical marks within this section are as follows:

THE FRESH MARKET

The Fresh Market is a local neighborhood grocery store with restaurant-quality meals, hand-picked produce, premium baked goods, fresh-cut flowers, custom-cut meats, and carefully curated offerings for holidays and special occasions. They have an estimated 160 locations in the United States, of which 13 are in Virginia (8% of all the stores). The store has a curated product base with a large sample of organic, gluten-free, and environmentally healthy products. The Fresh Market has an average store size of approximately 21,000 square feet. About 70% of its assortment is fresh food compared with the average food retailer, whose assortment is 35% new. Given that The Fresh Market is more of a curated product base, the pricing will be in line with grocery stores with curated products within the premium category (cheeses, wines, aged meats, flowers, chocolates, ready mixes, gluten-free). The Fresh Market would provide some products sold at typical Grocery stores with a curated diversity of products ranging from wine to cheeses and vegetables. The Fresh Market has existing locations in Richmond and Lynchburg, Virginia. The lot size, site, and offering align with the requirements set forth by The Fresh Market, and the product mix aligns with the needs of the Community.

MOM'S ORGANIC MARKET

MOM'S Organic Market is an all-organic neighborhood grocery store focusing on accessibility and affordability. MOM'S Organic Market has a smaller sample of seasonal vegetables and meats while focusing on shelf products. MOM'S Organic market has a large selection of gluten-free and natural homeopathic products within its health and beauty section. The average store is 8,000 square feet and has an estimated 6,000 products. The product must meet the strict requirements of MOM'S Organic Market before it can be sold at the store. They currently have five locations in Northern Virginia. MOM'S Organic Market has a solid corporate social responsibility (CRS) focused on protecting and restoring the environment. They

have instituted programs such as the Solar Energy program within their stores and purchasing wind energy where possible. They have other social programs to reduce plastics and facilities and store designs to minimize environmental effects. Their pricing model is generally in line with larger grocery stores, with organic products being cheaper than Whole Foods. The lot size, location, and offering align with the requirements set forth by MOM's Organic Market, and the product mix aligns with the community's needs.

TERTIARY TARGETS

The tertiary targets provide the required materials based on the product mix, yet the pricing model may be significantly elevated. The target within this section is as follows:

BALDUCCI'S

Balducci's is a small neighborhood grocery store offering its customers the best selection of gourmet foods. Balducci's provides various gourmet products sourced internationally, targeting a more refined customer base. Balducci focuses on delivering locally-grown produce, grass-fed prime-cut meats, fresh fish, imported cheeses, curated products, and chef-prepared foods. Balducci's is a subsidiary of Albertsons. Balducci's has positioned itself more as a premium product, which would make its products more expensive than typical grocery stores. The average Balducci's store is about 19,000 square feet. The lot size and location align with the requirements; however, there may need to be more customers interested in continuously purchasing premium products within the Town of Bridgewater for this target to make sense for the community. Within the survey, customers indicated that they wanted high product quality; however, the price was also important. Thus, we left Balducci's as an option but not at the top of the list as a target.

BUSINESS MODELS

The companies covered in this Feasibility Study compete on various product models. Companies such as Aldi, Lidl, and Trader Joe's compete on product uniqueness, quality, and lower price. They focus on rapid product turnover, seasonal product offerings, and a customer-centric customer business model, given that they do not charge manufacturers for shelf space. Aldi has a minimal store design, with shipping boxes being used as shelving. Lidl has a higher store design yet a minimal market. Amazon Fresh focuses on accessibility via online ordering and delivery, with price being a tertiary concern



Figure 27: Grocery store graph product selection vs. price

for customers. The customer base predominantly comprises individuals under 50 with solid computer abilities. Amazon Fresh's online ordering and fulfillment allow it to reach a larger market than traditional grocery stores focused on inbound traffic. The Fresh Market competes by providing a more extensive curated customer offering of fresh meals with organic, gluten-free, and non-organic products. It has an international selection of products yet focuses on local produce and meats. Price is higher than Aldi, Lidl, and Trader Joe's but in line with Amazon Fresh. MOM's Organic Market is a purely organic neighborhood grocery store focusing on organic and seasonal products. Its pricing strategy is generally in line with traditional grocery stores, yet it has a robust homeopathic program that aligns with Whole Foods' prices. Balducci's is a premium grocery store with access to an internationally curated product mix, with local grass-fed meats, organic vegetables, and gluten-free products. Balducci's is priced at a premium and generally has an upscale customer base focused on an international selection of organic products.

CUSTOMER CENTRIC MODEL

Based on the survey, the Town of Bridgewater is looking for a grocery store that provides accessibility for traditional grocery products, with standard quality, a fair market price, and ease of purchase within town limits. Our model also understood that there is a smaller grocery store within the Town of Bridgewater. Thus the purpose was to add a differentiated product to increase accessibility while allowing people to travel less and to product diversity within the Town. Therefore, the model we developed focused on delivering product diversity, ease of access to food products, and addressing pricing concerns within the community.

SECONDARY DERIVATE OUTCOMES

Several scientific research studies have shown that grocery stores within walking distance of schools increase the health of children and households. Parents who drive their kids to school may stop before or after to undertake their purchase, potentially minimizing the consumption of junk foods. The same effect was shown in high school, where students would stop at the grocery store to purchase food before and after-school. Thus, housing a grocery store close to both the elementary school and high school in the Town of Bridgewater would have a secondary derivative effect of potentially having healthier children and households.

FINAL RECOMMENDATION

Based on the market analysis, the Town of Bridgewater survey, and the various conversations with town officials, it is our formal recommendation that the Town of Bridgewater focuses on a smaller-scale grocery store of less than 25,000 square feet. This recommendation is based on the fact that larger grocery chains would like a more significant population close to the store to undertake an investment for a project like this. Smaller-scale grocery stores fit perfectly within the general parameters of the Town of Bridgewater in terms of the immediate population close to the potential site.

Based on the analysis of requirements set forth by grocery stores in terms of traffic, location, lot size, and visibility, Hafezi Capital recommends the primary development located at Turner Ashby Drive. Given that Grocery Stores require high-traffic areas with solid visibility, this location is a prime area for a grocery store. Given the streets, 20,000 average daily traffic count, driver and truck accessibility to the site, potential parking availability, visibility from the main road, close location to current and future residential development, and its location off Main Street make it an ideal place for a grocery store. Furthermore, its proximity to the town elementary school and high school, wider traffic lanes, and existing turn lane intersection make it an ideal location for grocery store development. The site's development would naturally extend Main Street beyond its current business area and drive other commerce to other businesses while consumers come back home through Main Street.

A critical secondary derivative effect of the grocery store next to the elementary and high school is that they promote healthier product consumption by parents and children. Several studies have shown that when a grocery store is close to a school, it increases more nutritional consumption of products such as fruits and vegetables, rather than junk or processed foods. Having a grocery store across the street will allow high school attendees to consume healthier products, especially if they stay after school for extracurricular activities.

ROAD MAP DEVELOPMENT



ROAD MAP DEVELOPMENT

The initial road map requires the development of a customized Teaser. The Teaser will have some critical data that will vary by grocery store brand to entice them to learn more about the Town of Bridgewater and potentially attract them to open a grocery store within town limits. To entice the various grocery groups, it is critical to develop a Teaser that packages the size, location, customer data, and essential data that varies by each grocery group. Thus, the Teaser for Aldi would have some critical differences from those developed for Lidl, Trader Joe's, Amazon Fresh, MOM's Organic, and The Fresh Market. Given that each grocery store is different in terms of the internal variables, it will review when deciding on expansion. Developing a customized Teaser will allow the project's relevancy to align with the critical decision-making variables that the various grocery stores undertake.

The second phase of the road map development would be sending the Teasers to each grocery store mentioned above. The focus would be to create a primary interest in the Town of Bridgewater. The development of a town website that provides a complete video analysis of the town events and style would increase the understanding of the grocery store decision-makers of the Town of Bridgewater. Other fundamental PR relations that would bring publicity to the Town of Bridgewater may change the process by developing incoming referrals rather than being forced to promote the Town.

Participating in public events that discuss food deserts, or small-town challenges with grocery stores, may increase the overall visibility of the Town of Bridgewater and attract participants and inquiry into Bridgewater.

KEY ACTION ITEMS

The key actions will define the process by which to develop leads for the Town of Bridgewater for the development of a grocery store within its town limits:

Phase 1: Development of the Teaser and additional marketing collateral to ensure that the Town of Bridgewater has structured each offering based on the needs of the specific company. This will ensure the relevancy of the offering to each company and that the projects speak to each company's needs.

Phase 2: Interest Generation will be the outcome of a good Teaser. Interest generation will lead to further information gathering and help lead to a decision by the grocery stores.

Phase 3: Additional marketing can be done by the Town of Bridgewater by participating in national events which host major grocery stores and their decision-makers. Organizations such as the Food and Industry Association host events nationally that discuss the various challenges and opportunities of the industry. Developing materials around "Small Town Food Deserts" or "Small Town Food Challenges" and the specific challenges that smaller towns, such as Bridgewater, have in terms of accessibility of food made change the lead generation model. Rather than focusing on pushing the idea of opening a grocery store, this may turn the process around and will naturally start developing inquiries by various parties who may have both a financial and PR interest in opening a grocery store in the Town of Bridgewater.

Phase 4: Interest Harnessing is developing meetings, providing tours, meeting with the owner of the land, and helping identify the critical stages for the development of the land and the support of the town for a grocery store project.

Phase 5: The stage of finalizing the sale, providing all the necessary permits, and supporting the expedient opening of the grocery store will be a significant motivating factor for companies interested in potentially opening a grocery store within the town limits.



Figure 28: Key action item road map

ALDI - CONTACT DATA

Address: Aldi Inc.
Attention: New Store Team
1200 N. Kirk Road
Batavia, IL 60510
Contact: Todd Bonnett (Western Virginia)
Telephone: +1 (704) 642-0023 Ext. 115
E-Mail: todd.Bonnett@aldi.us

AMAZON FRESH - CONTACT DATA

Address: Amazon Fresh
Attention: New Store Team
1227 124th Avenue, NE
Building 2 Suite A200
Seattle, Washington 98004
Telephone: +1 (888) 533-5659
+1 (206) 266-1000 - Amazon Headquarters

BALDUCCI'S - CONTACT DATA

Address: Balducci's Corporate Office
Attention: New Store Team
700 Lanidex Plz Ste 100
Parsippany, NJ, 07054-2705
Telephone: +1 (240) 632-1230

LIDL - CONTACT DATA

Address: Lidl US Operation, LLC
Attention: Real Estate Division
3500 S Clark Street,
Arlington, VA 2202
Telephone: +1 (703) 214-3433
E-Mail: realestate@lidl.us

MOM'S ORGANIC MARKET - CONTACT DATA

Address: MOM's Organic Market, Inc.
Attention: New Store Team
5612 Randolph Road
Rockville, MD 20852
Telephone: +1 (301) 816-4944
Contact: Scott Nash (CEO)
E-Mail: SCOTT@MOMSORGANICMARKET.COM

THE FRESH MARKET - CONTACT DATA

Address: The Fresh Market
Attention: New Store Team
300 N. Greene Street,
Suite 1100
Greensboro, NC 27401
Telephone: +1 (336) 272-1338

TRADER JOE'S - CONTACT DATA

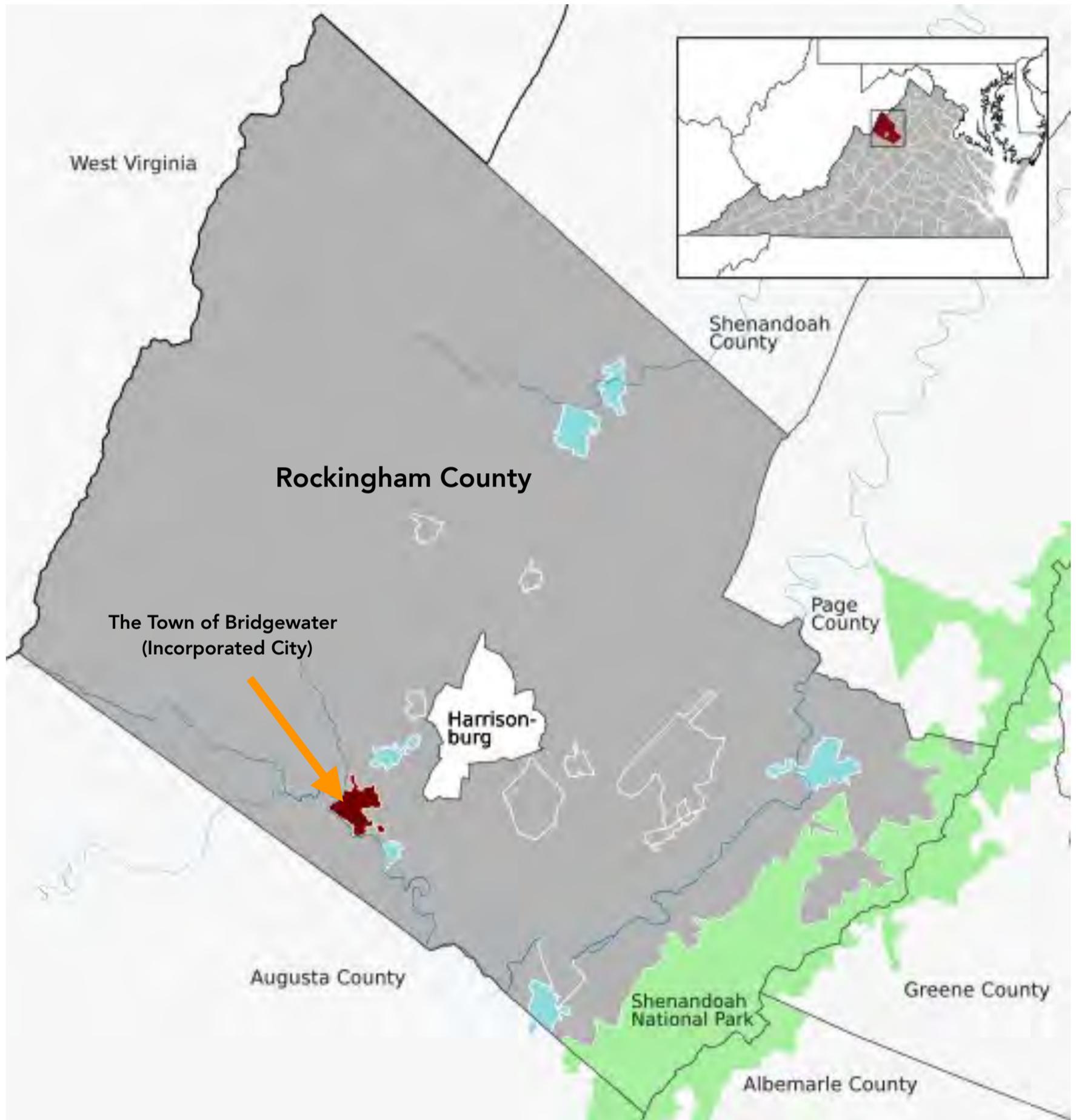
Address: Trader Joe's
Attention: New Store Team
800 S. Shamrock Avenue
Monrovia, CA 91016
Telephone: +1 (626) 599-3700
New Store Web-link: <https://www.traderjoes.com/home/contact-us/request-a-store>

ECONOMIC CONDITIONS

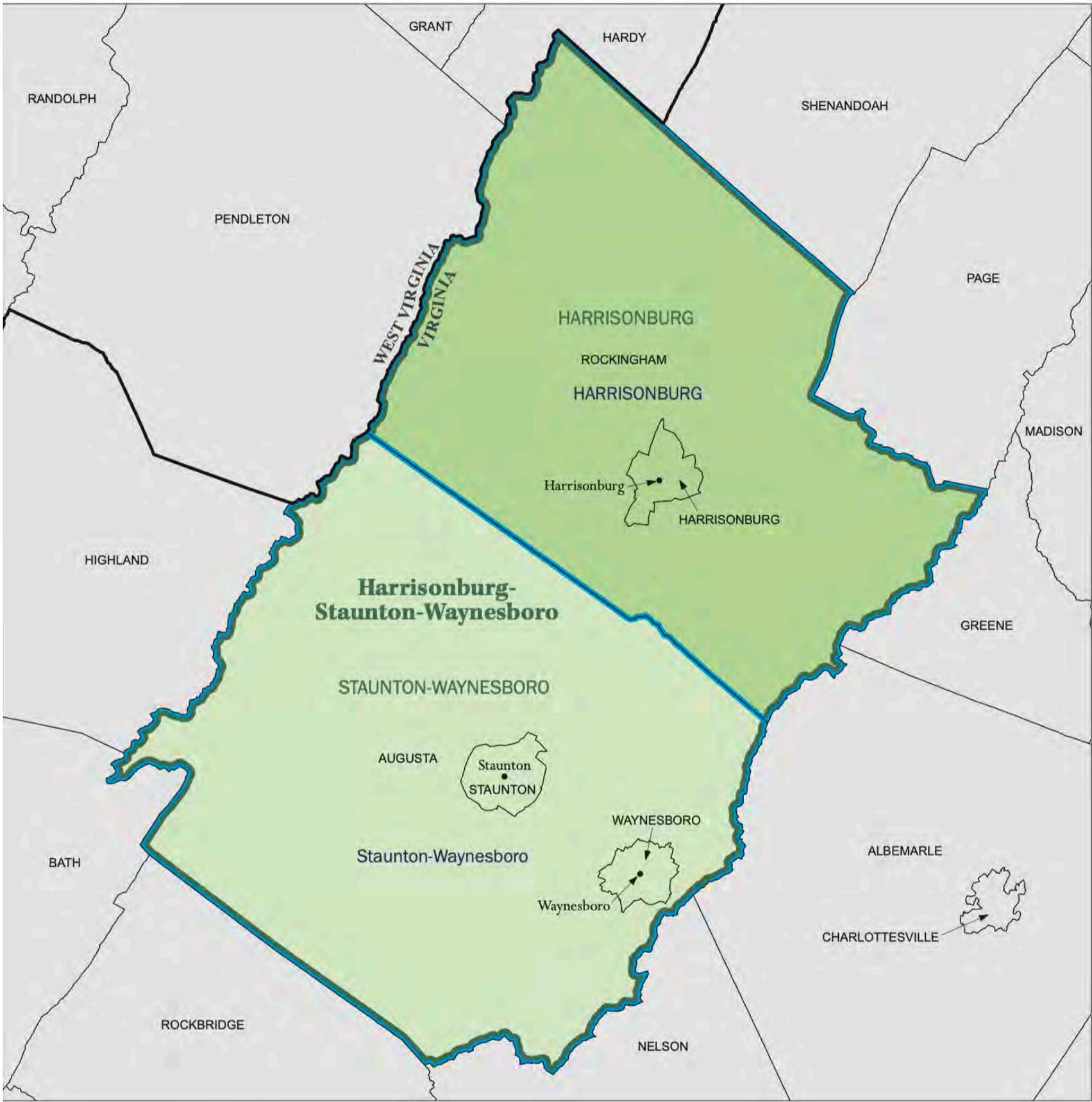
Economic conditions may change the perception of risk by the grocery store industry. In recessionary periods grocery stores may decide to delay or cancel new openings and away from better economic conditions. Furthermore, individual company performance may affect the parameters of opening new stores. Thus, the above is a general analysis based on data obtained within the economic timeframe. Economic circumstances and individual company performance may change business models, the ability to finance to grow, and other critical factors that go into opening new stores.

APPENDIX

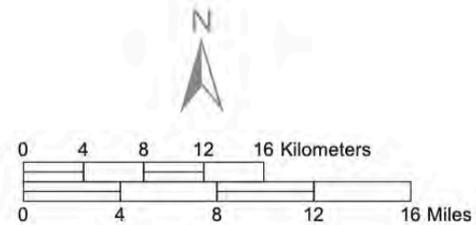
LOCATION OF THE TOWN OF BRIDGEWATER, VA



HARRISONBURG-STAUNTON-WAYNESBORO, VA CSA



- LEGEND**
- Harrisonburg-Staunton-Waynesboro** — 2012 Combined Statistical Area
 - HARRISONBURG** — 2012 Metropolitan Statistical Area
 - (none)* — 2012 Micropolitan Statistical Area
 - (none)* — 2012 Metropolitan Divisions
 - Staunton — 2012 Principal City
 - (none)* — 2007 Combined Statistical Area
 - HARRISONBURG** — 2007 Metropolitan Statistical Area
 - Staunton-Waynesboro — 2007 Micropolitan Statistical Area
 - VIRGINIA** — State or Statistical Equivalent
 - PAGE** — County or Statistical Equivalent



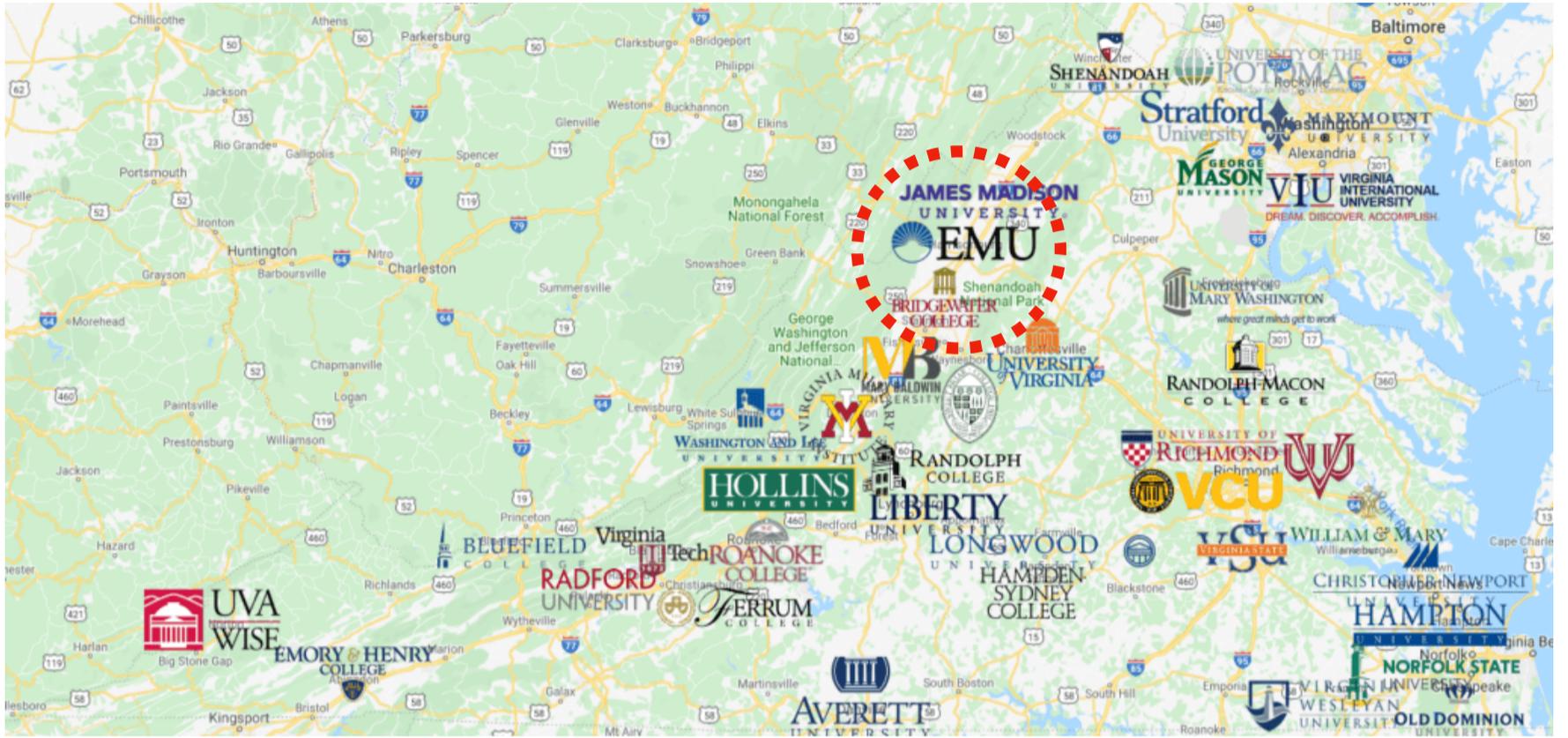
2012 Combined Statistical Area (CSA) and Metropolitan/Micropolitan Statistical Area (CBSA) boundaries and names are as of February 2013. 2007 Combined Statistical Areas (CSA) and Metropolitan/Micropolitan Statistical Areas (CBSA) are as of December 2006. All other boundaries and names are as of January 2012.

TOP 35 EMPLOYERS IN ROCKINGHAM COUNTY, VA

Top 35 Employers within Rockingham County, in Virginia

Company	Industry	Estimated Employment
James Madison University	Higher Education	1,000 and over employees
Sentara Healthcare	Healthcare	1,000 and over employees
Rockingham County School Board	Education	1,000 and over employees
Cargill Meat Solutions	Food Manufacturing	1,000 and over employees
Walmart (Stores and Distribution Center)	General Merchandise Stores and Distribution	1,000 and over employees
Harrisonburg City Schools	Education	1,000 and over employees
R.R. Donnelley and Sons Company	Book Printing	1,000 and over employees
Great Eastern Resort Management (Massanutten Resort)	Resort Accommodations	1,000 and over employees
Marshall's	Warehousing and Storage	500 to 999 employees
City of Harrisonburg	Local Government	500 to 999 employees
Pilgrim's Pride Corporation	Food Manufacturing	500 to 999 employees
County of Rockingham	Local Government	500 to 999 employees
Merck & Co.	Chemical Manufacturing	500 to 999 employees
Aramark Campus LLC	Food Services	500 to 999 employees
Tenneco Automotive Operations	Transportation Equipment Manufacturing	500 to 999 employees
George's Foods	Food Manufacturing	500 to 999 employees
Stellar Management Grouping	Administrative and Support Services	500 to 999 employees
Beam Brothers Trucking	Truck Transportation	500 to 999 employees
Perdue	Food Manufacturing	500 to 999 employees
Virginia Poultry Growers Cooperative	Food Manufacturing	500 to 999 employees
Eastern Mennonite University	Higher Education	500 to 999 employees
WhiteWave Foods	Food Manufacturing	250 to 499 employees
Fairfield and Sons, LTD	Publishing Industries	250 to 499 employees
Dynamic Aviation Group	Air Transportation	250 to 499 employees
MillerCoors	Beverage Manufacturing	250 to 499 employees
Virginia Mennonite Retirement	Nursing and Residential Care Facilities	250 to 499 employees
Sysco Foodservices	Merchant Wholesalers, Nondurable Goods	250 to 499 employees
Food Lion	Food and Beverage Stores	250 to 499 employees
Bridgewater College	Higher Education	250 to 499 employees
Great Eastern Resort Corporation	Real Estate	250 to 499 employees
Sunnyside Presbyterian Home	Nursing and Residential Care Facilities	250 to 499 employees
Bridgewater Home, Inc	Nursing and Residential Care Facilities	250 to 499 employees
Tenneco Packaging	Paper Manufacturing	250 to 499 employees

UNIVERSITIES IN VIRGINIA



BRIDGEWATER ESTIMATED TRAFFIC VOLUME

Virginia Department of Transportation Traffic Engineering Division 2021 Annual Average Daily Traffic Volume Estimates By Section of Route Town of Bridgewater								
Link Length	Start Label	End Label	AADT	Percent 2 and 4 Tire Vehicles	Percent Single Unit Trucks 2 Axle	Percent Single Unit Trucks 3+ Axle	Percent Combination Trucks 1 Trailer	Percent Combination Trucks 2+ Trailer
0.22	SCL Bridgewater	College Street	13000	96%	1%	1%	2%	0%
0.15	College Street	Dinkel Ave	13000	96%	1%	1%	2%	0%
0.30	Dinkel Ave	Mt Crawford Ave	16000	95%	1%	1%	2%	0%
0.08	Mt Crawford Ave	North River Rd	22000	95%	1%	1%	2%	0%
1.00	North River Rd	Old NCL Bridgewater	20000	95%	1%	1%	2%	0%
0.30	Old NCL Bridgewater	NCL Bridgewater	20000	95%	1%	1%	2%	0%
0.30	CL Bridgewater	NCL BRIDGEWATER	20000	95%	1%	1%	2%	0%
1.00	NCL BRIDGEWATER	NORTH RIVER RD	20000	95%	1%	1%	2%	0%
0.08	NORTH RIVER RD	MT CRAWFORD AVE	22000	95%	1%	1%	2%	0%
0.30	MT CRAWFORD AVE	SR 42 MAIN ST	16000	95%	1%	1%	2%	0%
1.37	SR 42 Main St	Mt Crawford Ave	9500	93%	1%	1%	4%	0%
0.39	Mt Crawford Ave	ECL Bridgewater	9700	93%	1%	1%	4%	0%
0.00	Main St	ECL Bridgewater	6100	96%	1%	1%	2%	0%
0.00	N Main St	Dry River Rd	3000	96%	2%	1%	1%	0%
0.00	N River Rd	NCL Bridgewater	4200	96%	1%	1%	1%	0%
0.00	Dinkle Ave	E College St	880					
0.00	Main St	Collegeview Dr	1100	99%	0%	0%	0%	0%
0.00	McCleoud Ln	N Grove St	0					
0.00	SR 42 North Main St	Naomi Ln	0					
0.00	Ashby St	N River Rd	0					
0.00	High St	Green St	0					
0.00	Virginia Ave	Mt Crawford Ave	0					
0.00	SR 257 Dinkel Ave	Virginia Ave	0					
0.00	Broad St	SR 257 Dinkel Ave	0					

BRIDGEWATER RETIREMENT COMMUNITY LAYOUT

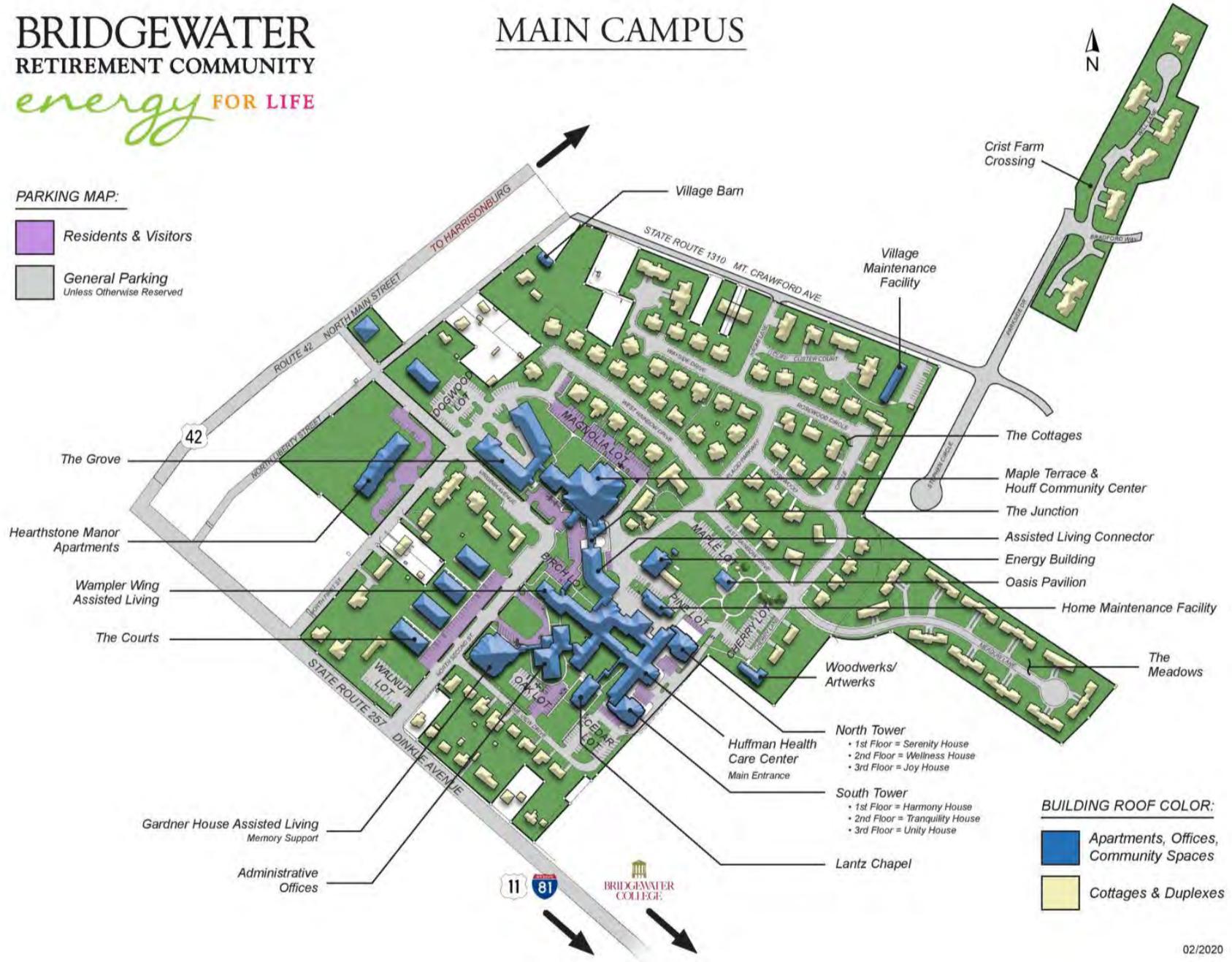
BRIDGEWATER
RETIREMENT COMMUNITY
energy FOR LIFE

MAIN CAMPUS



PARKING MAP:

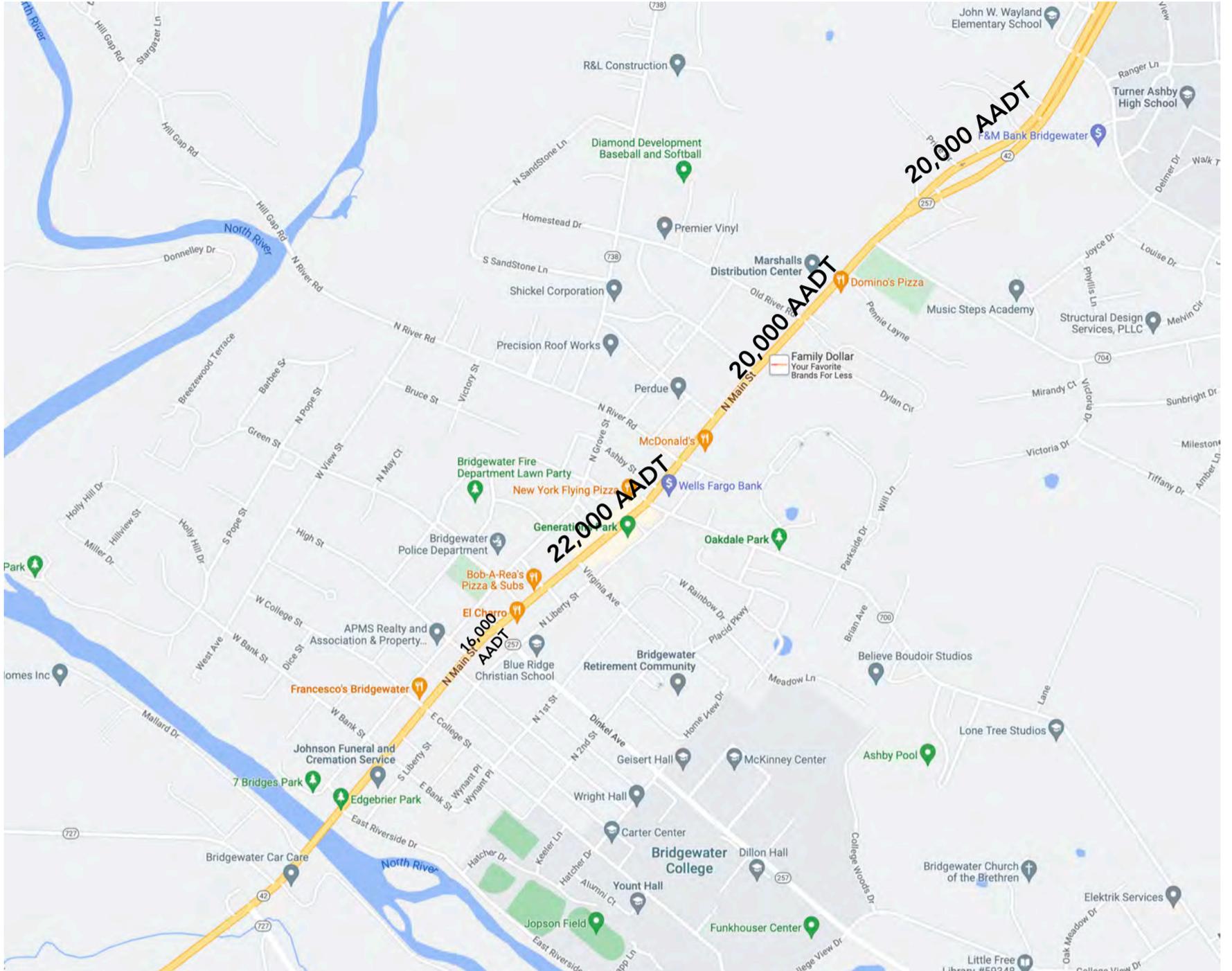
- Residents & Visitors
- General Parking
Unless Otherwise Reserved



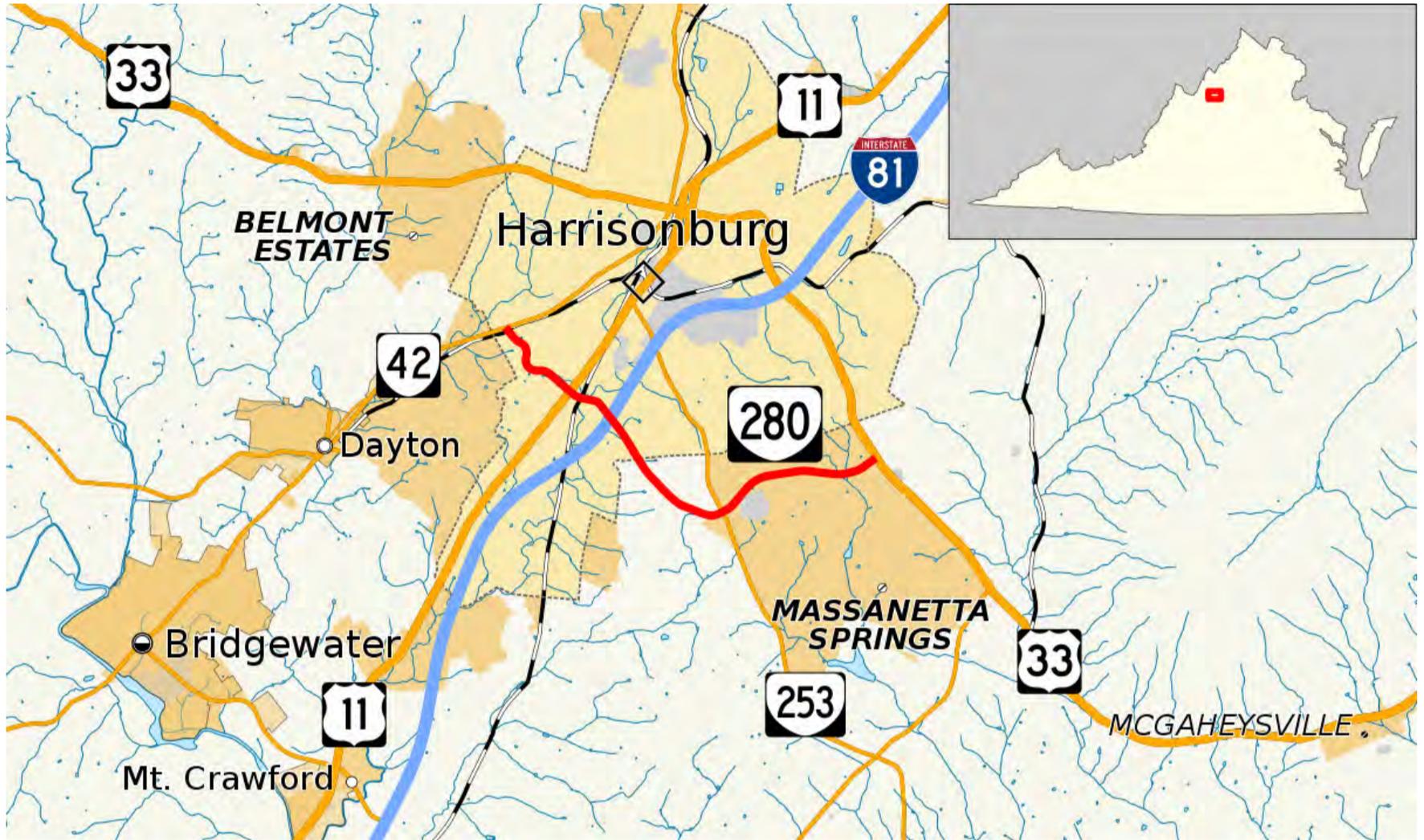
- BUILDING ROOF COLOR:**
- Apartments, Offices, Community Spaces
 - Cottages & Duplexes

02/2020

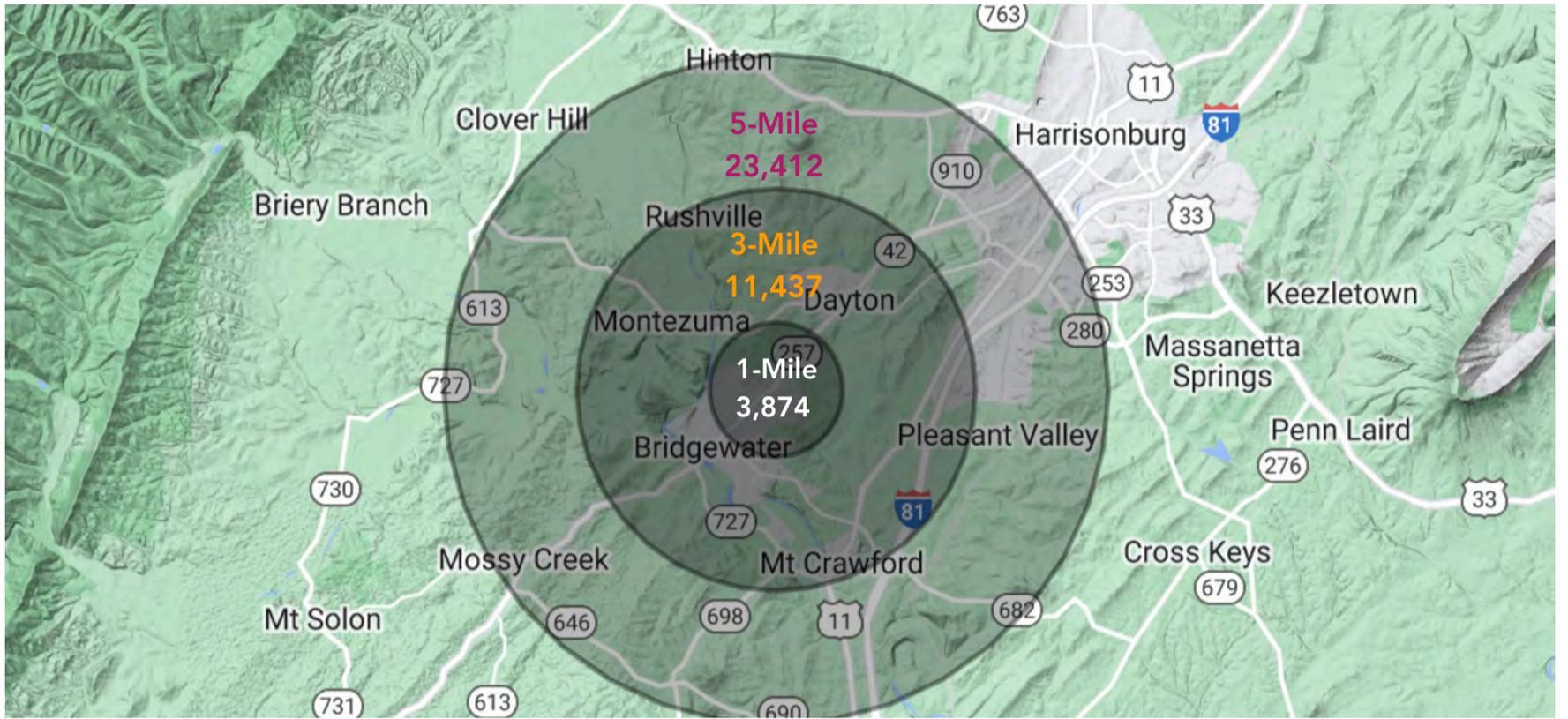
TRAFFIC PATTERN MAP



NEARBY CITIES TO BRIDGEWATER, VIRGINIA



BRIDGEWATER POPULATION DENSITY

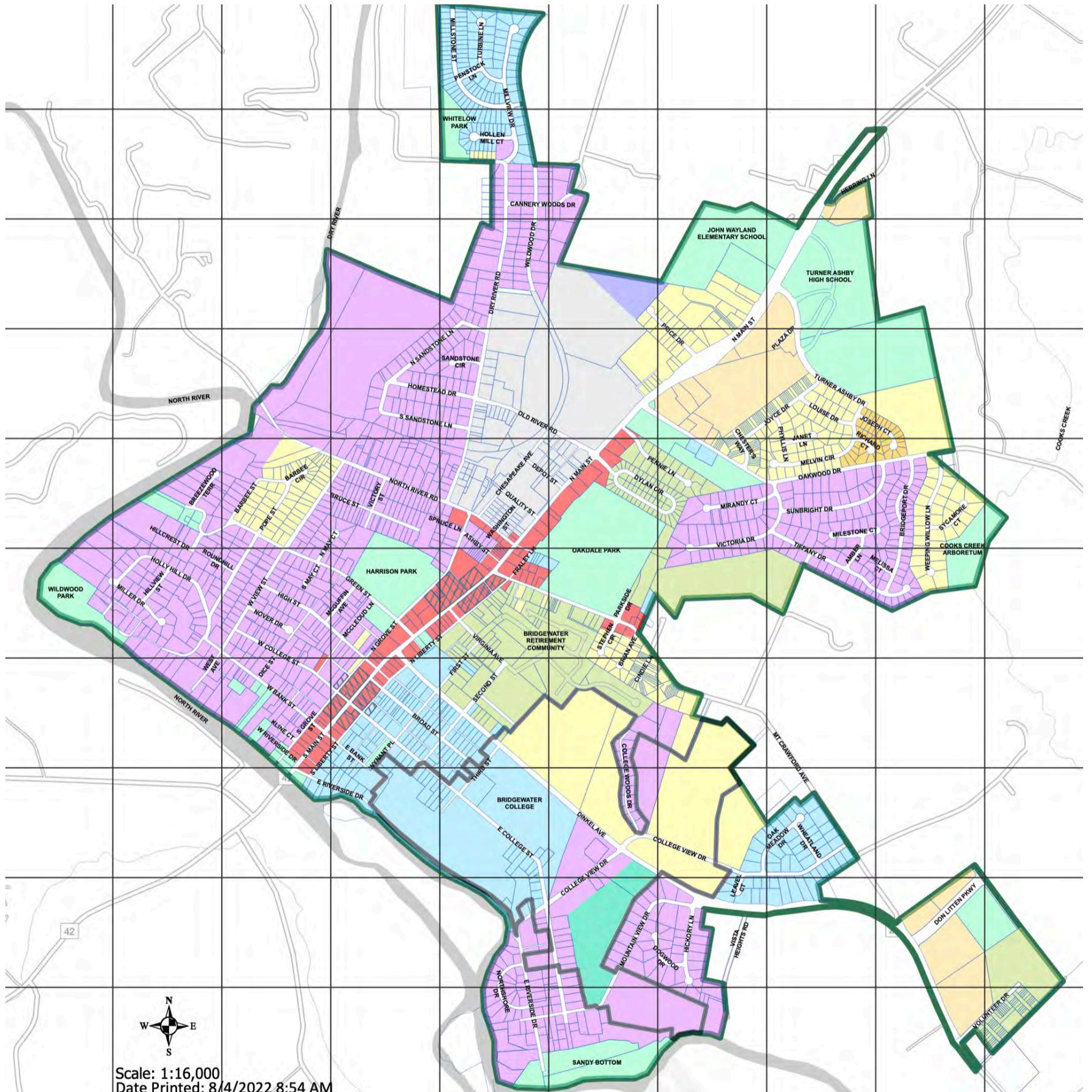


Population Density at 1 mile, 3 mile, and 5 mile radius.

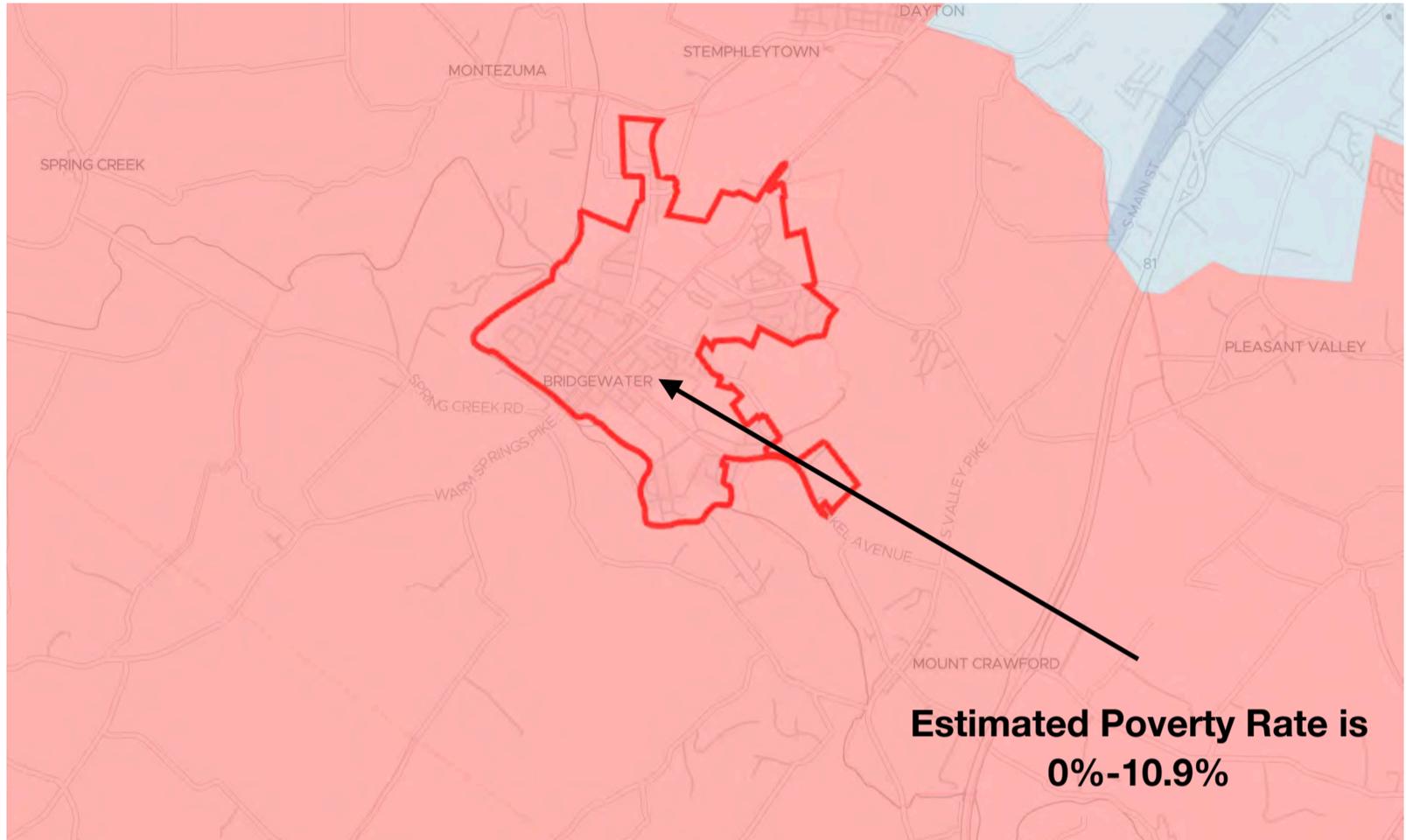
ARIAL VIEW OF PROPOSED SITE



BRIDGEWATER ZONING LAYOUT

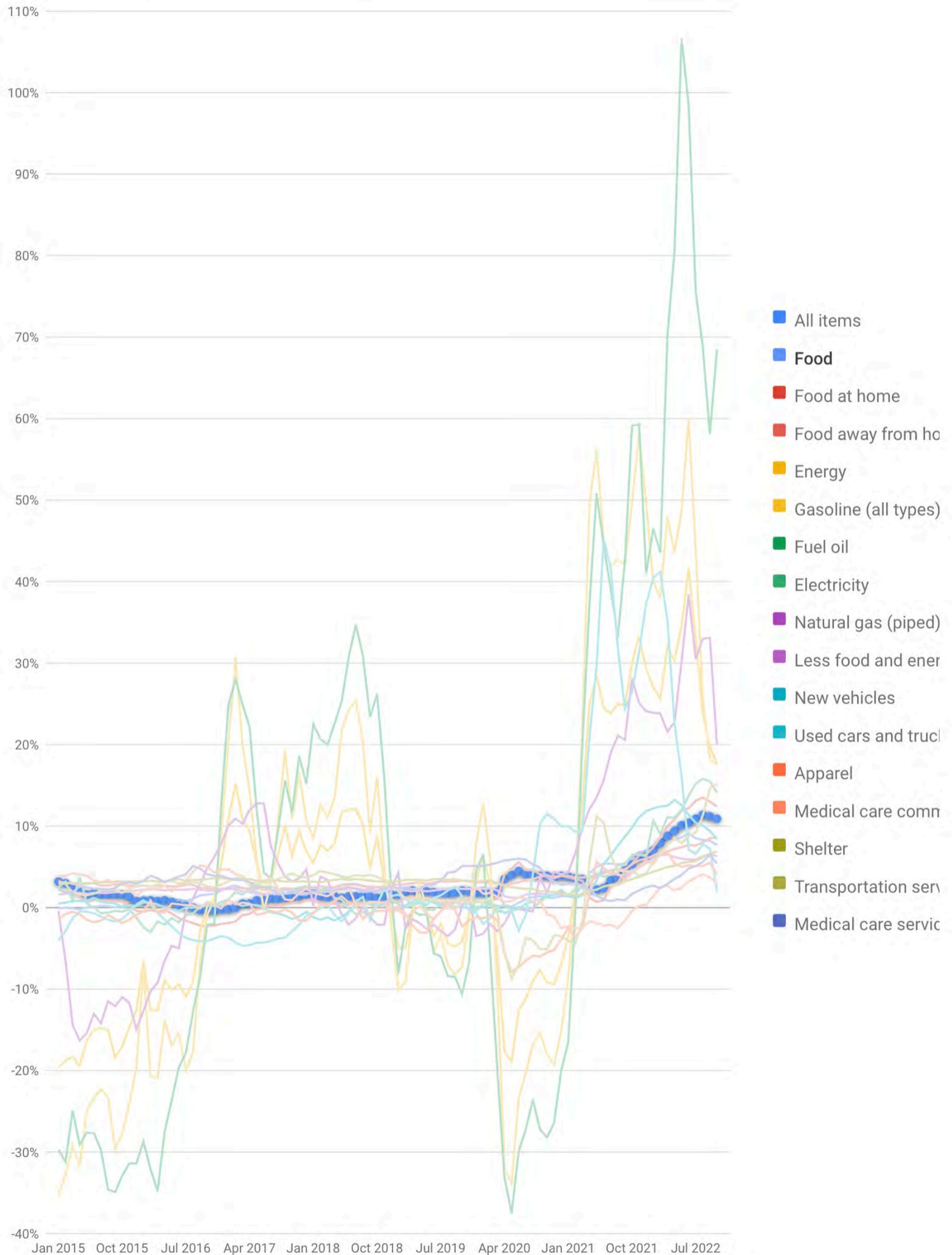


POVERTY RATE MAP



INFLATION GRAPH VIA CPI

CPI: 12-Month Percentage Change - Major Categories (Jan 2015 - October 2022)
 U.S. city average, not seasonally adjusted, in percent



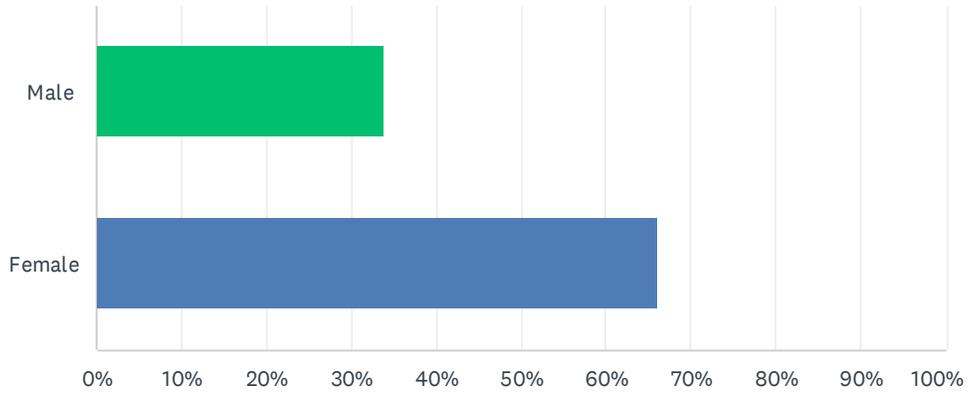
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- ² U.S. Census Bureau (2021). QuickFacts: Staunton city, Virginia; Waynesboro city, Virginia; Augusta County, Virginia; Nelson County, Virginia.
- ³ U.S. Census Bureau (2021). QuickFacts: Harrisonburg City (County), Virginia.
- ⁴ U.S. Census Bureau (2021). QuickFacts: Harrisonburg City (County), Virginia.
- ⁵ U.S. Census Bureau, Homeownership Rate in the United States [RHORUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; 3rd Quarter, 2022.
- ⁶ U.S. Census Bureau (2021). QuickFacts: Virginia.
- ⁷ U.S. Census Bureau (2021). QuickFacts: Virginia.
- ⁸ U.S. Census Bureau (2021). QuickFacts: Town of Bridgewater, Virginia.
- ⁹ National Labor Relations Boars: [Case Number 05-RD-001474](#) - Bridgewater, Virginia Facility Date Filled 01/22/2010.
- ¹⁰ Industrial Safety and Hygiene News (ISHN); [Four million hours of workplace safety at Perdue plant in Virginia](#); October 26, 2018.
- ¹¹ U.S. Census Bureau (2021). QuickFacts: Staunton city, Virginia; Waynesboro city, Virginia; Augusta County, Virginia; Nelson County, Virginia.
- ¹² Industry News; [Cargill to modernize Harrisonburg, VA hatchery, improving turkey health, biosecurity, and worker safety](#); August 1, 2017; in the National Provisioner.
- ¹³ U.S. Bureau of Labor Statistics, Unemployment Rate in Harrisonburg, VA (MSA) [HARR551UR], retrieved from FRED, Federal Reserve Bank of St. Louis.
- ¹⁴ U.S. Bureau of Labor Statistics, Unemployment Rate in Harrisonburg, VA (MSA) [HARR551UR], retrieved from FRED, Federal Reserve Bank of St. Louis.
- ¹⁵ Virginia Department of Transportation, Traffic Engineering Division; "2021 Virginia Department of Transportation Daily Traffic Volume Estimates Including Vehicle Classification Estimates: Town of Bridgewater in Rockingham Country- Report 82.
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- ¹⁸ U.S. Census Bureau (2021). QuickFacts: Harrisburg, Virginia.
- ¹⁹ U.S. Census Bureau (2021). QuickFacts: Staunton city, Virginia; Waynesboro city, Virginia; Augusta County, Virginia; Nelson County, Virginia.
- ²⁰ U.S. Census Bureau (2021). QuickFacts: Staunton city, Virginia; Waynesboro city, Virginia; Augusta County, Virginia; Nelson County, Virginia.
- ²¹ U.S. Census Bureau (2021). QuickFacts: Staunton city, Virginia; Waynesboro city, Virginia; Augusta County, Virginia; Nelson County, Virginia.
- ²² Progressive Grocer Magazine;
- ²³ Food Marketing Industry Speaks 1995 - 2016; [The Food Retailing Industry Speaks 2017 - 2020](#)
- ²⁴ Browne, Michael; [Big or Small? Retailers take different tracks on store size](#); in Supermarket News; September 17, 2019.
- ²⁵ Browne, Michael; [Big or Small? Retailers take different tracks on store size](#); in Supermarket News; September 17, 2019.
- ²⁶ Mel Leonore; ["Virginia is growing more diverse; population growth reserved for urban and suburban areas"](#); in Richmond Times- Dispatch; August 14, 2021.
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- ²⁹ U.S. Census Bureau (2021). QuickFacts: Virginia.
- ³⁰ U.S. Census Bureau (2021). QuickFacts: Virginia.
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- ³² The Food Industry Association; ["U.S. Grocery Shopper Trends 2022: Shoppers Landscape"](#) April 2022, Page 10.
- ³³ The Food Industry Association; ["U.S. Grocery Shopper Trends 2022: Shoppers Landscape"](#) April 2022, Page 10.
- ³⁴ The Food Industry Association; ["U.S. Grocery Shopper Trends 2022: Shoppers Landscape"](#) April 2022, Page 10.
- ³⁵ The Food Industry Association; ["U.S. Grocery Shopper Trends 2022: Shoppers Landscape"](#) April 2022, Page 10.
- ³⁶ Barnes Reports; U.S. Industry Market Report for Grocery Stores 2022; Page 33.

- ³⁷ Barnes Reports; U.S. Industry Market Report for Grocery Stores 2022; Page 61.
- ³⁸ Barnes Reports; U.S. Industry Market Report for Grocery Stores 2022; Page 89.
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- ⁴⁶ P.J Glandon, M. Jaremski. (2019) "Competition, business cycles, and price flexibility in grocery stores." in *Economics Letters* 181, Pages 137-139.
- ⁴⁷ Fox, E., McLaughlin, A., & Postrel, S. (2007) The impact of retail location on retailer revenues: An Empirical investigation, Working paper.
- ⁴⁸ Zhu T., Singh V., Dukes A. (2011). "Local competition, entry and agglomeration"Springer Science+Business Media, LLC. Page 148.
- ⁴⁹ USDA. Food Access Research Atlas. (2017).
- ⁵⁰ USDA. Food Access Research Atlas. (2017).
- ⁵¹ Virginia Department of Transportation, Traffic Engineering Division; "2021 Virginia Department of Transportation Daily Traffic Volume Estimates Including Vehicle Classification Estimates: Town of Bridgewater in Rockingham Country- Report 82.

Q1 What is your gender?

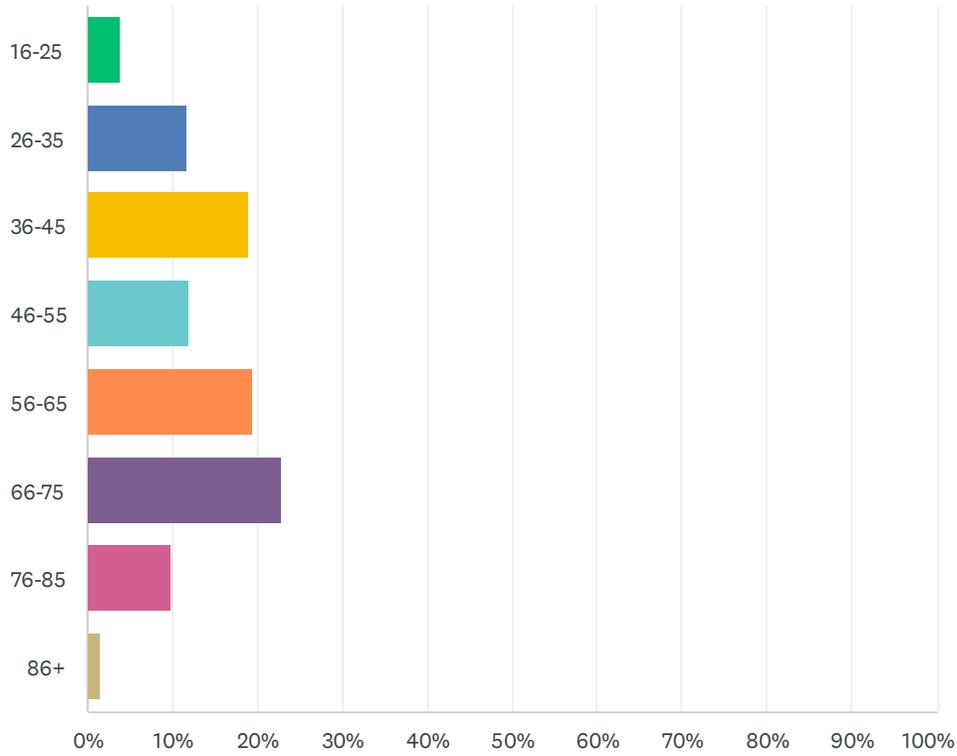
Answered: 559 Skipped: 0



ANSWER CHOICES	RESPONSES	
Male	33.99%	190
Female	66.01%	369
TOTAL		559

Q2 What is your age group?

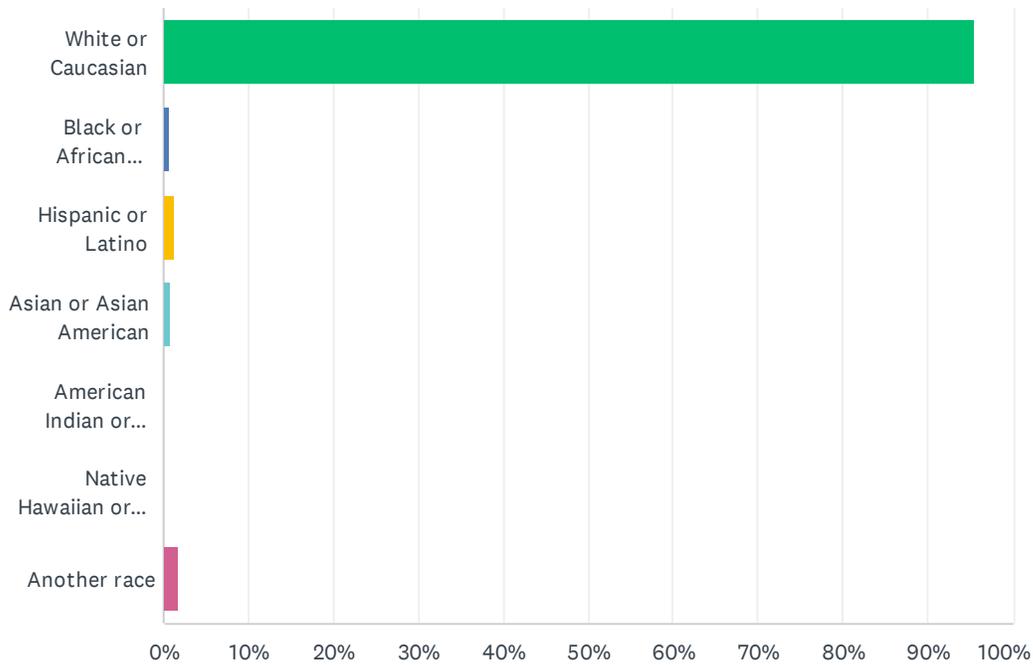
Answered: 559 Skipped: 0



ANSWER CHOICES	RESPONSES	
16-25	3.94%	22
26-35	11.63%	65
36-45	18.96%	106
46-55	11.99%	67
56-65	19.32%	108
66-75	22.90%	128
76-85	9.84%	55
86+	1.43%	8
TOTAL		559

Q3 Which of the following best describes your race?

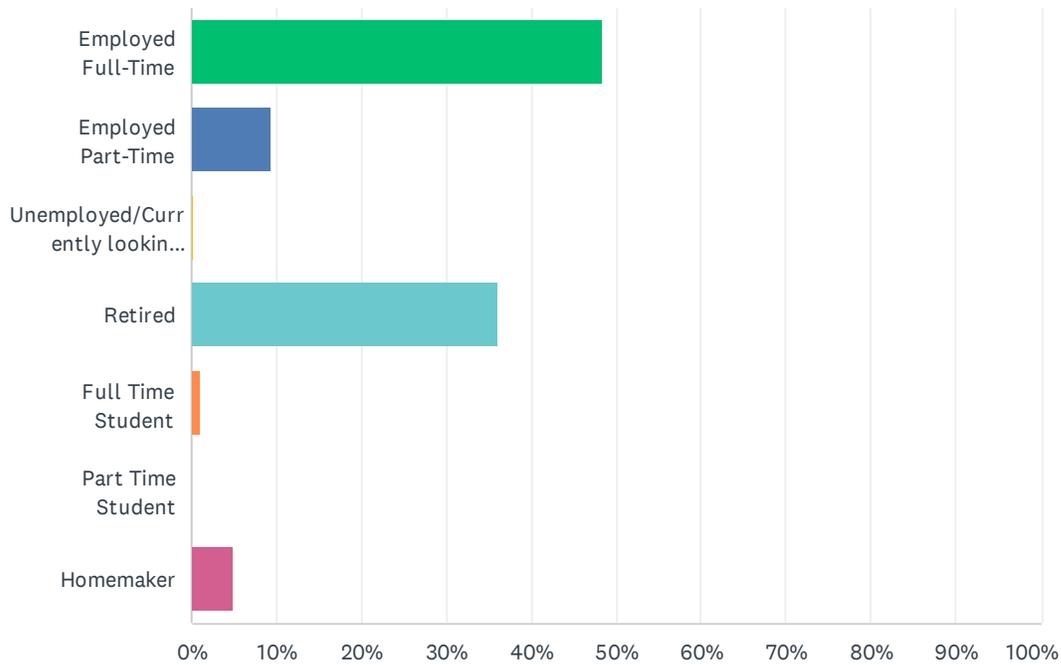
Answered: 559 Skipped: 0



ANSWER CHOICES	RESPONSES	
White or Caucasian	95.53%	534
Black or African American	0.72%	4
Hispanic or Latino	1.25%	7
Asian or Asian American	0.89%	5
American Indian or Alaska Native	0.00%	0
Native Hawaiian or other Pacific Islander	0.00%	0
Another race	1.61%	9
TOTAL		559

Q4 Which of the following best describes your work status?

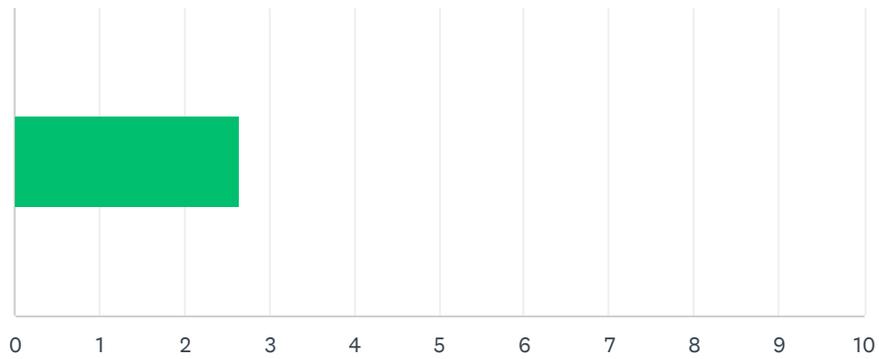
Answered: 559 Skipped: 0



ANSWER CHOICES	RESPONSES	
Employed Full-Time	48.30%	270
Employed Part-Time	9.48%	53
Unemployed/Currently looking for work	0.18%	1
Retired	36.14%	202
Full Time Student	1.07%	6
Part Time Student	0.00%	0
Homemaker	4.83%	27
TOTAL		559

Q5 How many people live in your household?

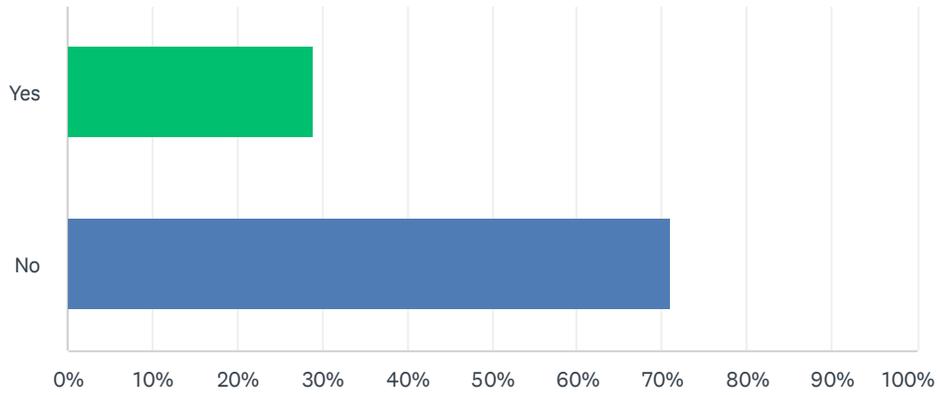
Answered: 559 Skipped: 0



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	3	1,474	559
Total Respondents: 559			

Q6 Are you the parent of any children under the age of 18 who currently live with you?

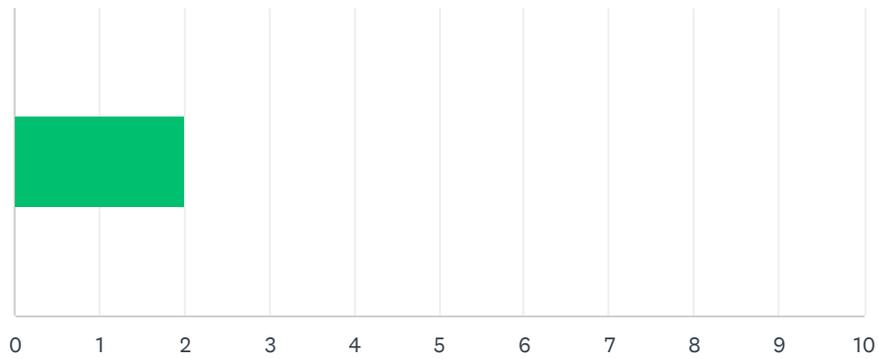
Answered: 559 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	28.98%	162
No	71.02%	397
TOTAL		559

Q7 How many children under the age of 18 currently live with you?

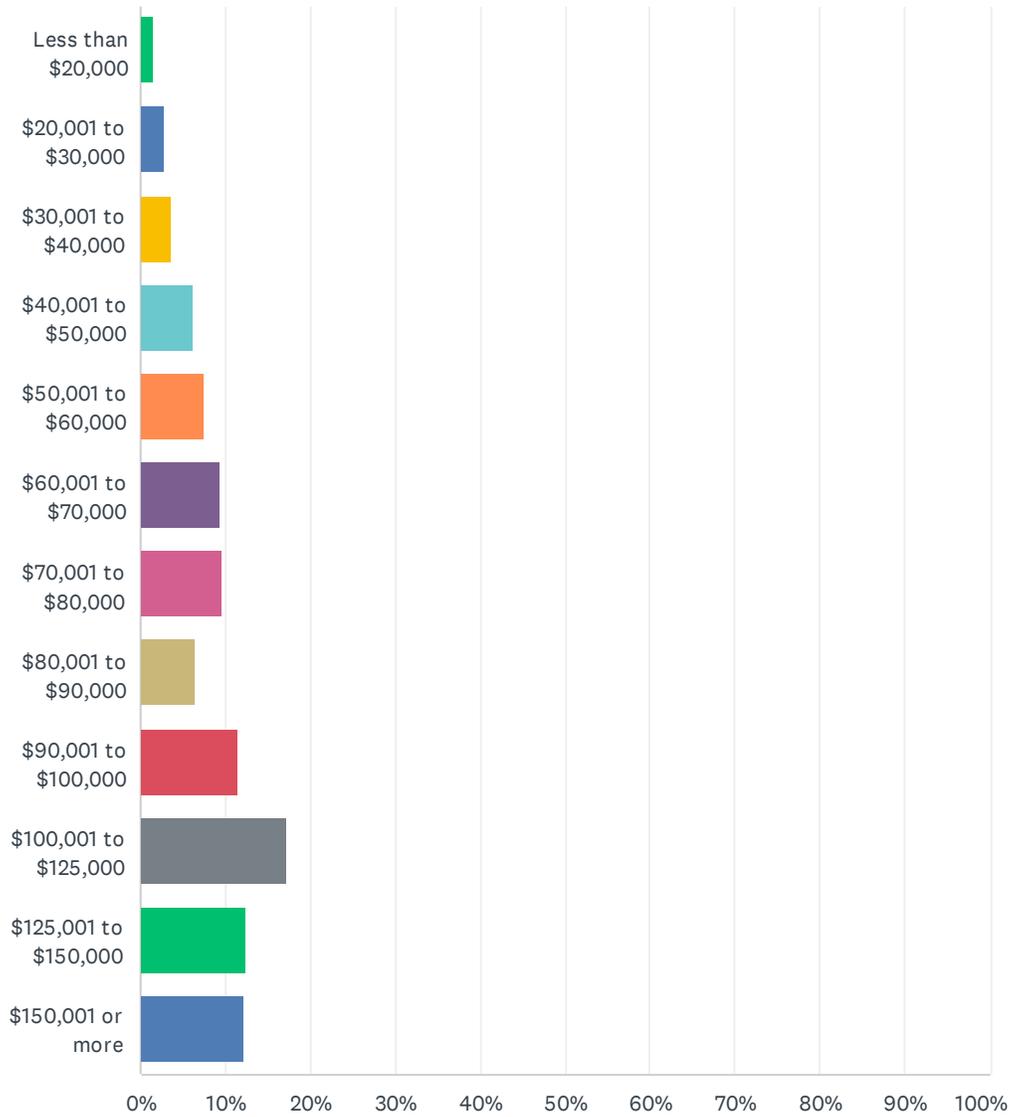
Answered: 138 Skipped: 421



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	2	277	138
Total Respondents: 138			

Q8 Which of the following categories does your pre-tax annual household income fall?

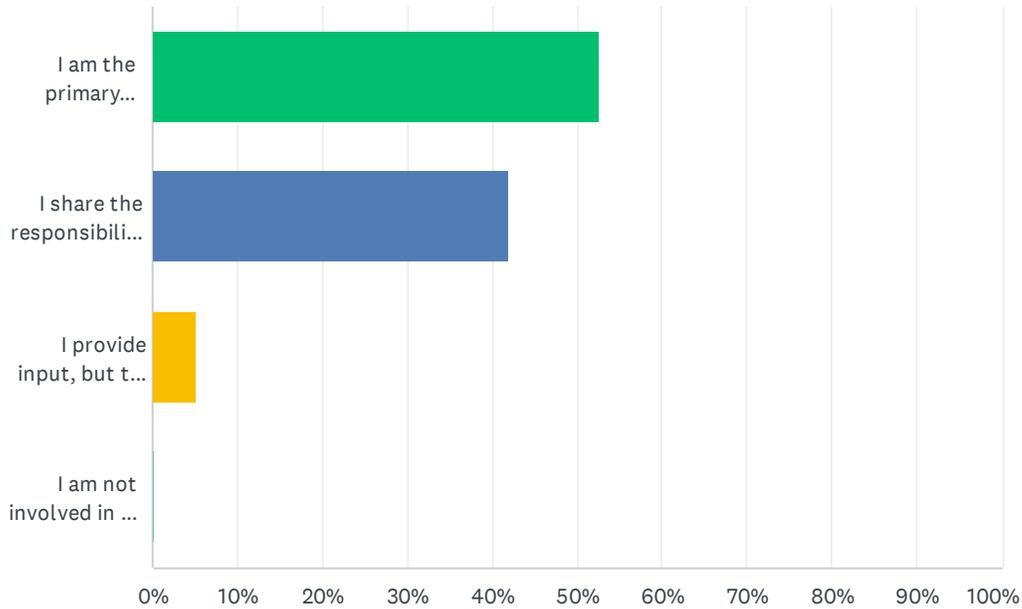
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Less than \$20,000	1.56%	7
\$20,001 to \$30,000	2.68%	12
\$30,001 to \$40,000	3.57%	16
\$40,001 to \$50,000	6.25%	28
\$50,001 to \$60,000	7.37%	33
\$60,001 to \$70,000	9.38%	42
\$70,001 to \$80,000	9.60%	43
\$80,001 to \$90,000	6.47%	29
\$90,001 to \$100,000	11.61%	52
\$100,001 to \$125,000	17.19%	77
\$125,001 to \$150,000	12.28%	55
\$150,001 or more	12.05%	54
TOTAL		448

Q9 Which of the following best describes your role when it comes to buying groceries for your household?

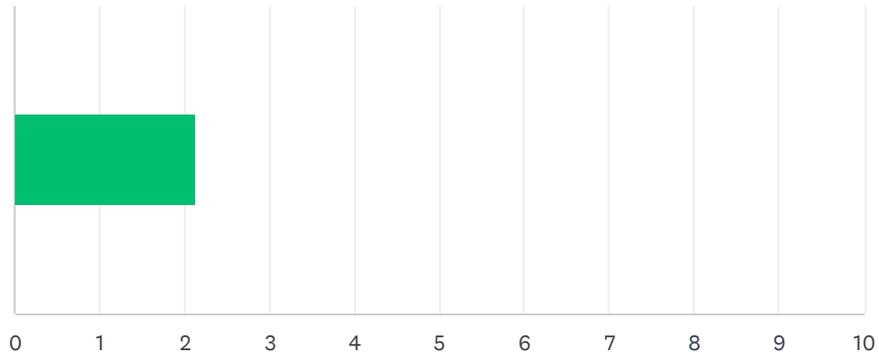
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
I am the primary decision maker for these purchases	52.68%	236
I share the responsibility for making these purchases	41.96%	188
I provide input, but the decisions are made by others within the household	5.13%	23
I am not involved in the decision making process	0.22%	1
TOTAL		448

Q10 How many times a week do you currently go to the grocery store?

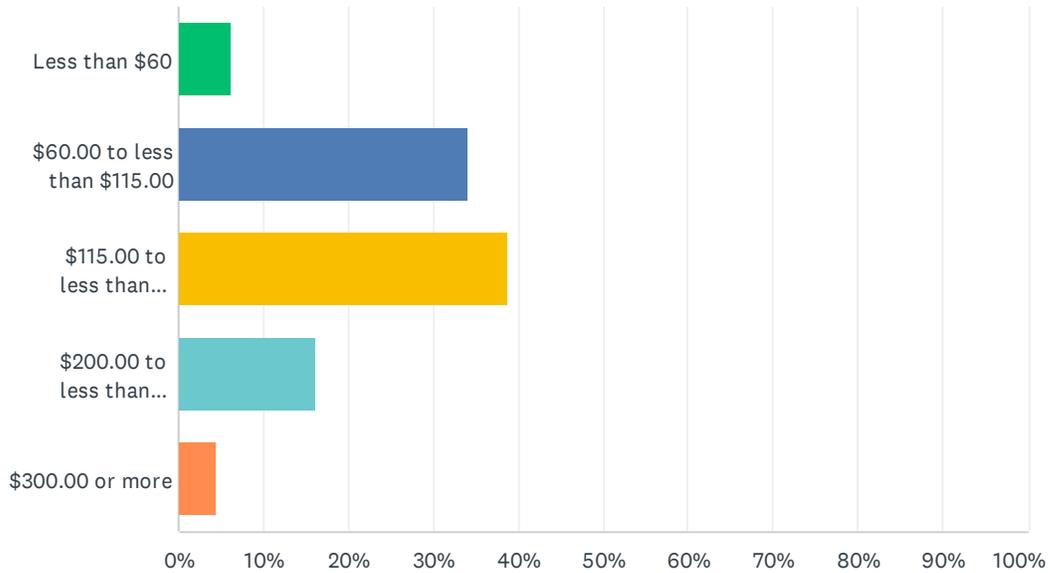
Answered: 448 Skipped: 111



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	2	958	448
Total Respondents: 448			

Q11 On average, how much does your entire household spend on groceries each week?

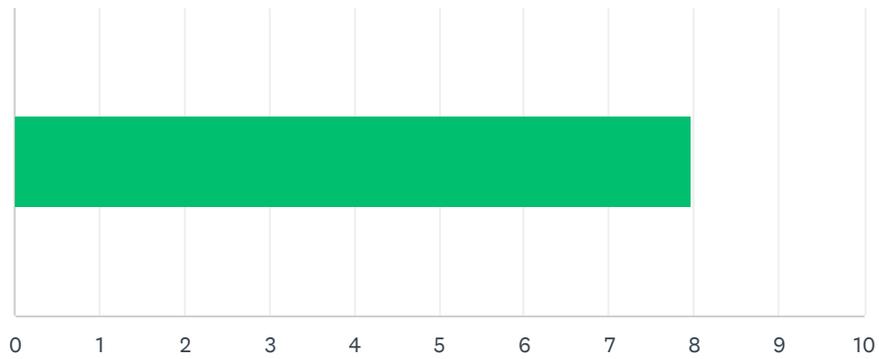
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Less than \$60	6.25%	28
\$60.00 to less than \$115.00	34.15%	153
\$115.00 to less than \$200.00	38.84%	174
\$200.00 to less than \$300.00	16.29%	73
\$300.00 or more	4.46%	20
TOTAL		448

Q12 How long is your current commute to the grocery store? (in miles)

Answered: 448 Skipped: 111



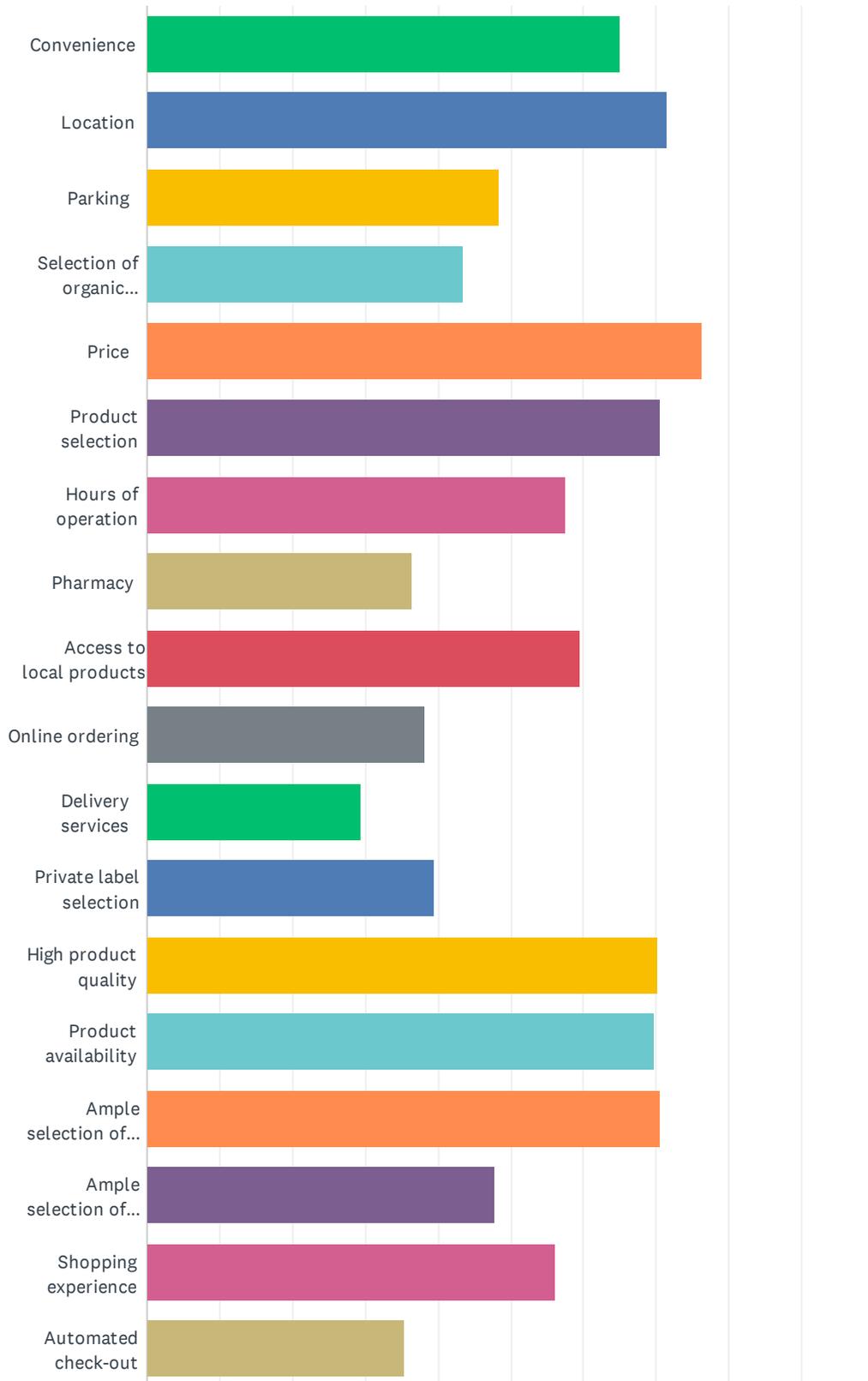
ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	8	3,574	448
Total Respondents: 448			

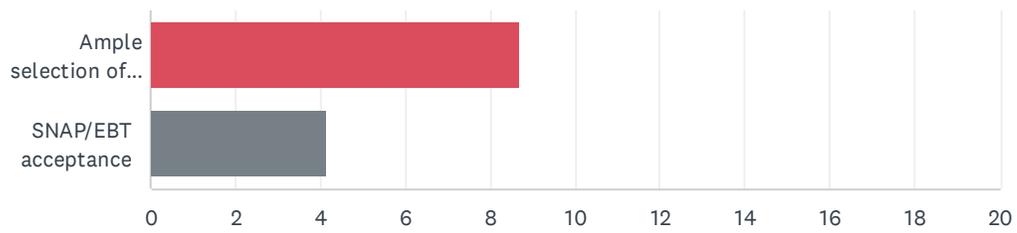
Q13 What is your 5 digit zip code?

Answered: 448 Skipped: 111

Q14 What key elements do you consider important in a grocery store? (Please Rank in order of most important to least important)

Answered: 448 Skipped: 111





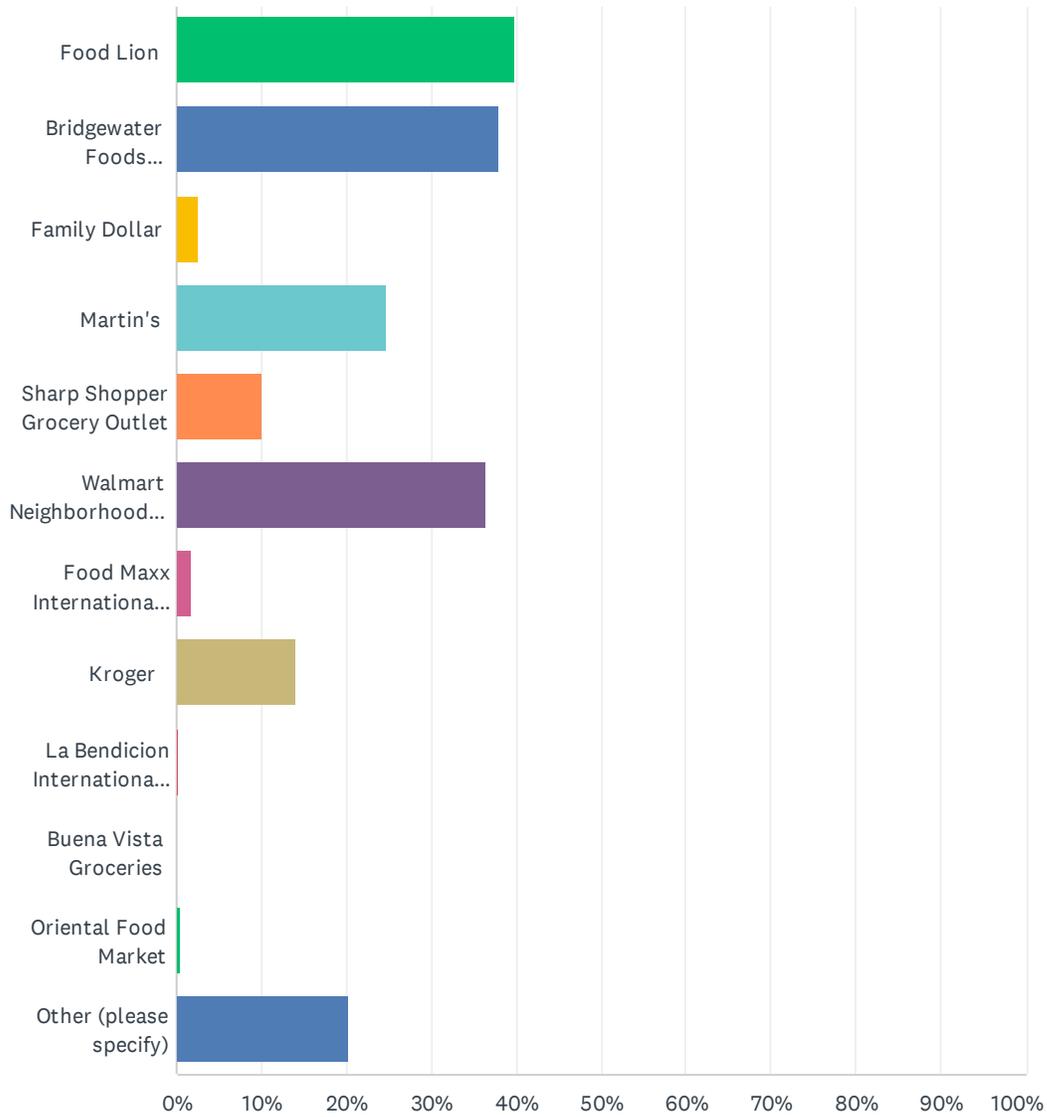
Town of Bridgewater Grocery Store Survey

SurveyMonkey

	1	2	3	4	5	6	7	8	9	10	11	12
Convenience	6.47% 29	9.15% 41	7.14% 32	7.81% 35	9.15% 41	5.13% 23	7.81% 35	6.25% 28	5.80% 26	4.91% 22	4.24% 19	4.91%
Location	12.50% 56	10.49% 47	11.83% 53	6.70% 30	6.47% 29	5.58% 25	7.59% 34	5.13% 23	6.47% 29	5.36% 24	4.02% 18	4.24%
Parking	2.01% 9	2.23% 10	3.35% 15	3.13% 14	2.68% 12	4.69% 21	4.46% 20	5.58% 25	7.14% 32	8.71% 39	6.47% 29	7.81%
Selection of organic products	3.13% 14	3.57% 16	1.56% 7	4.24% 19	5.80% 26	3.13% 14	3.35% 15	2.01% 9	3.79% 17	3.35% 15	5.13% 23	5.58%
Price	21.21% 95	12.72% 57	9.82% 44	8.26% 37	5.36% 24	7.14% 32	5.36% 24	5.36% 24	3.57% 16	4.24% 19	4.46% 20	3.57%
Product selection	7.37% 33	10.94% 49	9.38% 42	11.16% 50	10.04% 45	9.15% 41	7.59% 34	6.03% 27	3.13% 14	2.68% 12	4.24% 19	3.57%
Hours of operation	2.68% 12	5.58% 25	2.68% 12	6.70% 30	6.47% 29	4.69% 21	8.71% 39	8.26% 37	6.47% 29	5.58% 25	8.48% 38	5.13%
Pharmacy	0.22% 1	0.89% 4	2.23% 10	2.46% 11	1.34% 6	3.13% 14	2.23% 10	3.13% 14	5.58% 25	3.57% 16	4.91% 22	3.57%
Access to local products	4.24% 19	4.24% 19	7.81% 35	5.36% 24	6.03% 27	7.37% 33	5.13% 23	8.26% 37	6.47% 29	8.04% 36	5.36% 24	5.80%
Online ordering	2.46% 11	1.12% 5	2.01% 9	2.46% 11	2.68% 12	3.79% 17	3.13% 14	2.90% 13	4.46% 20	3.79% 17	3.79% 17	4.69%
Delivery services	1.12% 5	0.45% 2	2.23% 10	0.67% 3	1.34% 6	1.34% 6	1.12% 5	1.34% 6	2.68% 12	2.68% 12	2.46% 11	3.79%
Private label selection	0.45% 2	1.34% 6	1.56% 7	1.79% 8	3.13% 14	0.89% 4	3.13% 14	4.91% 22	4.69% 21	6.47% 29	6.70% 30	6.03%
High product quality	11.38% 51	9.82% 44	10.49% 47	8.04% 36	7.14% 32	5.80% 26	6.92% 31	5.80% 26	4.91% 22	6.92% 31	2.90% 13	4.02%
Product availability	7.37% 33	9.60% 43	10.04% 45	9.82% 44	10.49% 47	8.71% 39	6.70% 30	6.03% 27	4.91% 22	3.57% 16	4.91% 22	2.90%
Ample selection of Fruits and Vegetables	9.82% 44	8.93% 40	8.93% 40	10.27% 46	7.37% 33	9.38% 42	5.58% 25	7.14% 32	5.80% 26	5.36% 24	5.13% 23	4.24%
Ample selection of deli/sandwiches and prepared foods	0.45% 2	1.56% 7	2.68% 12	2.90% 13	4.91% 22	5.13% 23	6.03% 27	6.70% 30	5.36% 24	6.70% 30	5.58% 25	8.71%
Shopping experience	5.13% 23	4.02% 18	3.57% 16	4.24% 19	4.91% 22	7.14% 32	5.80% 26	5.58% 25	8.48% 38	6.47% 29	6.03% 27	5.58%
Automated check-out	0.45% 2	1.56% 7	1.34% 6	0.67% 3	1.56% 7	2.23% 10	4.24% 19	3.35% 15	3.35% 15	4.69% 21	5.13% 23	4.91%
Ample selection of breads and desserts	0.22% 1	1.34% 6	0.89% 4	2.68% 12	2.01% 9	4.91% 22	4.24% 19	5.36% 24	5.58% 25	5.36% 24	7.81% 35	7.59%
SNAP/EBT acceptance	1.34% 6	0.45% 2	0.45% 2	0.67% 3	1.12% 5	0.67% 3	0.89% 4	0.89% 4	1.34% 6	1.56% 7	2.23% 10	3.79%

Q15 Which of the following stores would you consider your primary, or go-to, grocery store?

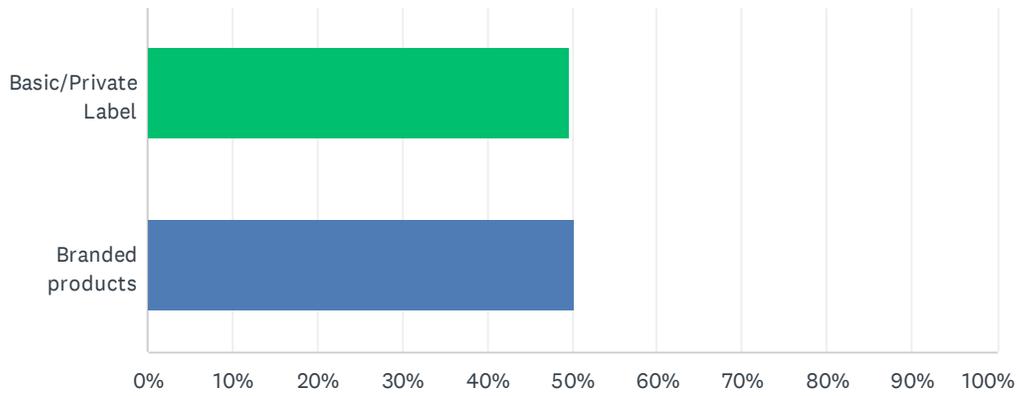
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Food Lion	39.96%	179
Bridgewater Foods Supermarket	37.95%	170
Family Dollar	2.46%	11
Martin's	24.78%	111
Sharp Shopper Grocery Outlet	10.04%	45
Walmart Neighborhood Market	36.38%	163
Food Maxx International Market	1.79%	8
Kroger	14.06%	63
La Bendicion International Market	0.22%	1
Buena Vista Groceries	0.00%	0
Oriental Food Market	0.45%	2
Other (please specify)	20.31%	91
Total Respondents: 448		

Q16 What type of product are you more likely to buy?

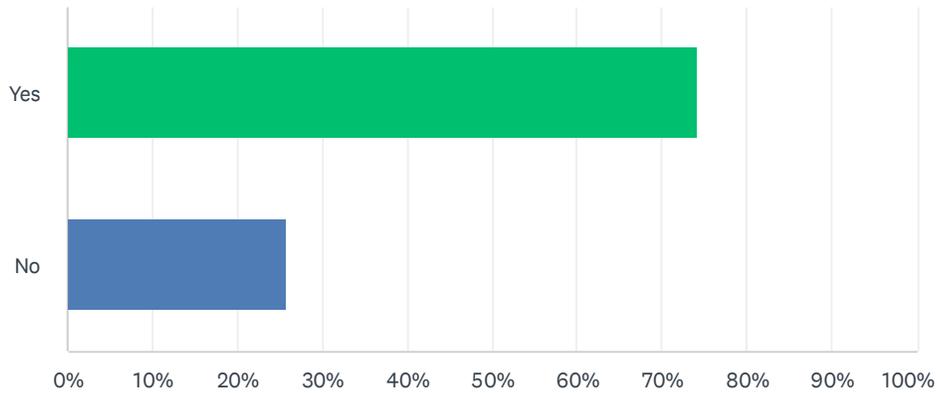
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Basic/Private Label	49.78%	223
Branded products	50.22%	225
TOTAL		448

Q17 Do you think it is important for supermarkets to be socially responsible? (i.e. get involved with charities, support communities, promote fair-trade products etc.) (Please tick one)

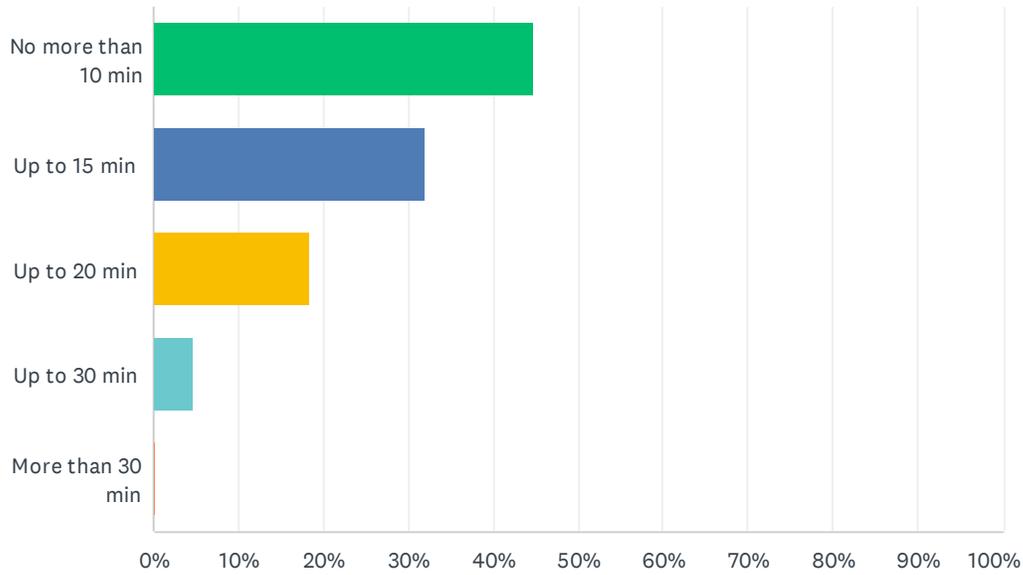
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Yes	74.11%	332
No	25.89%	116
TOTAL		448

Q18 How far do you prefer to travel to your preferred store? (in MAXIMUM MINUTES)

Answered: 448 Skipped: 111



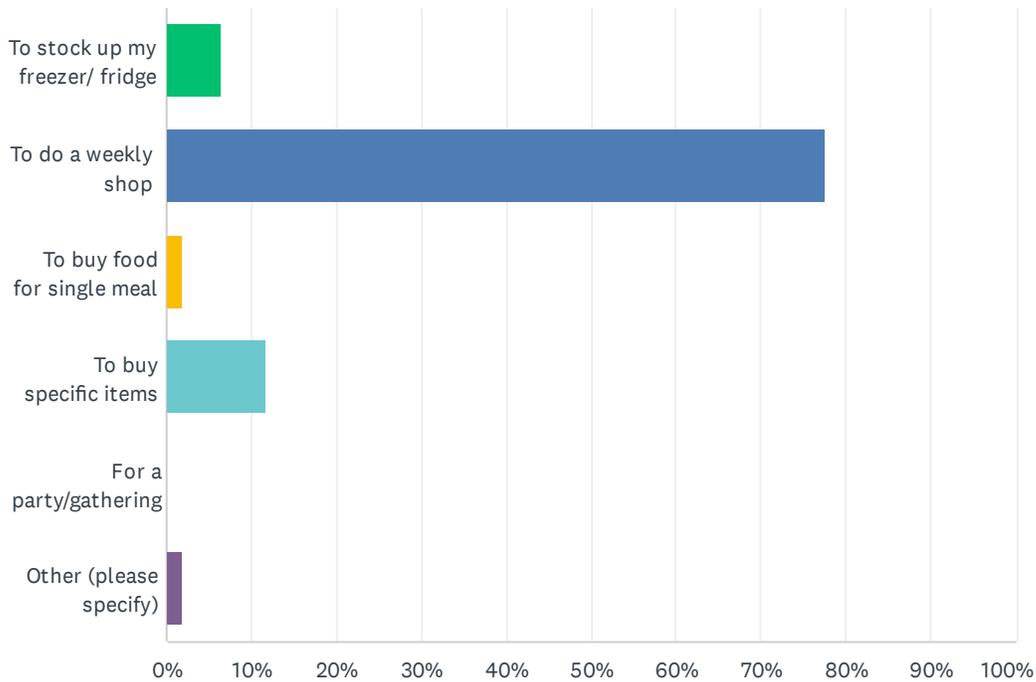
ANSWER CHOICES	RESPONSES	
No more than 10 min	44.87%	201
Up to 15 min	31.92%	143
Up to 20 min	18.30%	82
Up to 30 min	4.69%	21
More than 30 min	0.22%	1
TOTAL		448

Q19 What grocery store chain do you think would do well in Bridgewater?

Answered: 405 Skipped: 154

Q20 What is the main reason for you shopping in supermarkets?

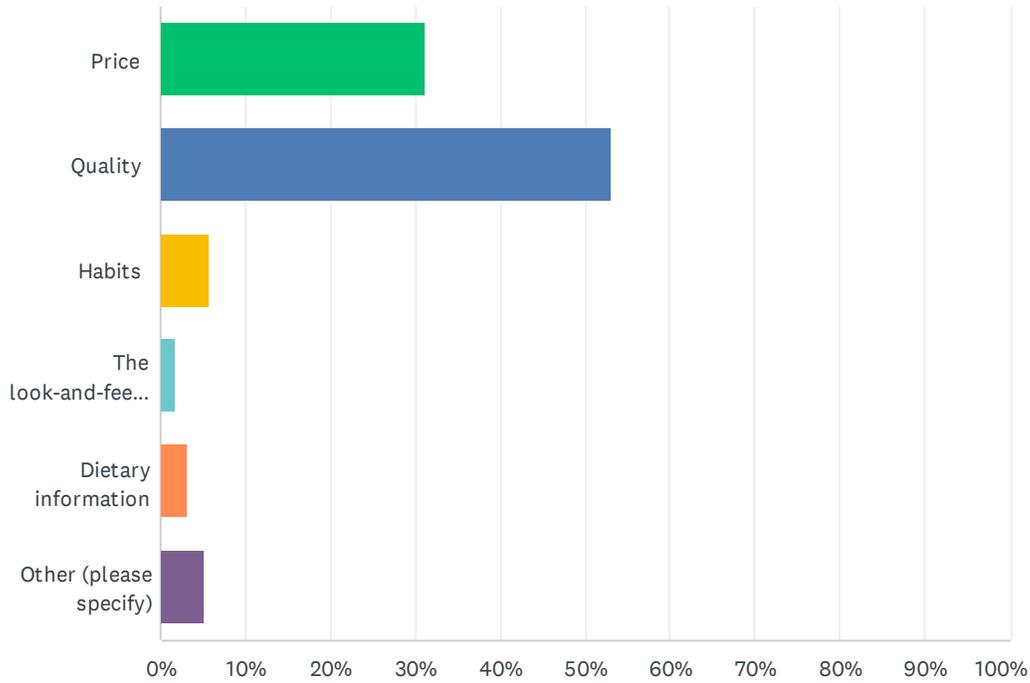
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES
To stock up my freezer/ fridge	6.47% 29
To do a weekly shop	77.68% 348
To buy food for single meal	2.01% 9
To buy specific items	11.83% 53
For a party/gathering	0.00% 0
Other (please specify)	2.01% 9
TOTAL	448

Q21 Which of the following is the most important factor when you decide to buy a product from the grocery store?

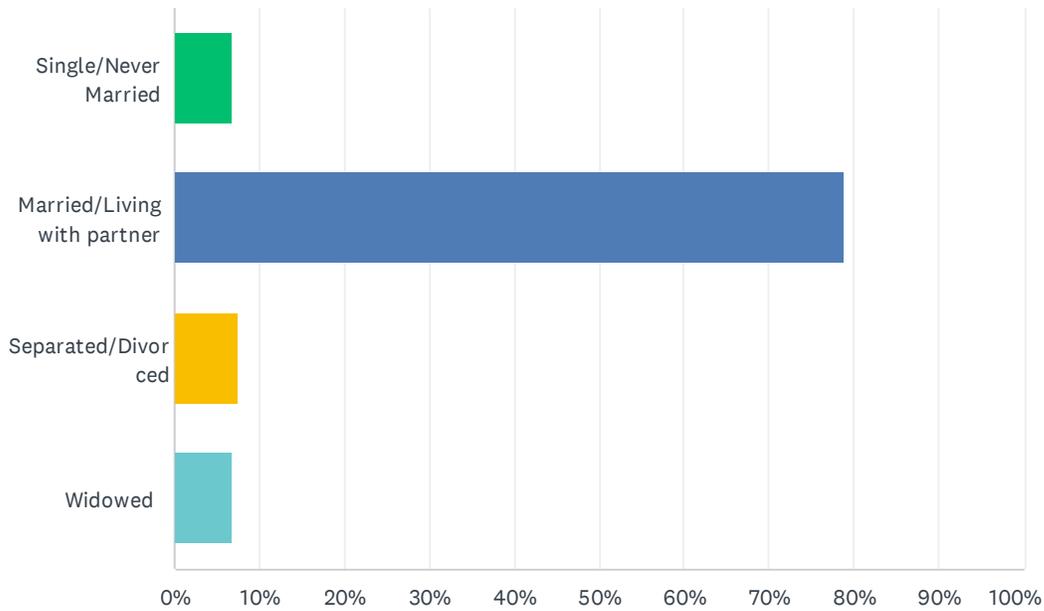
Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES	
Price	31.03%	139
Quality	53.13%	238
Habits	5.80%	26
The look-and-feel of the product	1.79%	8
Dietary information	3.13%	14
Other (please specify)	5.13%	23
TOTAL		448

Q22 Which of the following best describes your marital status?

Answered: 448 Skipped: 111



ANSWER CHOICES	RESPONSES
Single/Never Married	6.92% 31
Married/Living with partner	78.79% 353
Separated/Divorced	7.37% 33
Widowed	6.92% 31
TOTAL	448

Q23 We would love to learn more about your shopping habits. Please provide us with feedback as to key elements for a grocery store that are very important for you.

Answered: 299 Skipped: 260