Where the Food Isn't

BILL TURQUE with DEBRA ROSENBERG in Boston and TODD BARRETT in Chicago

have fled the
leaving the poor to pay more for less

Julia Geras's weekly grocery run is not just a trip, it's an expedition. Geras, 73, lives in the Jamaica Plain section of southwest Boston but spends an hour riding two city buses to do her shopping in suburban Dedham. The object of her trek is the gleaming Super Stop & Shop, stocked with everything she can't find at the mom-and-pop stores in her own neighborhood: fresh, decently priced fish, produce and baked goods. By the time she struggles through the market's electronic swinging doors, shortly before noon, it has already been a long morning. But she says the trip is worth it. "It isn't worth my trouble to go to the convenience store," Geras says. Geras is caught in the middle of a widening urban grocery gap. It began in the 1960s and 1970s, when major-chain supermarkets gradually pulled up stakes to follow their white customers to the suburbs. In the 1980s, a binge of mergers and leveraged buyouts -- affecting 16 of the top 20 national chains -- compounded the trend toward fewer, larger supermarkets located outside the inner cities. The result: low-income urban shoppers are cut off from easy access to nutritious, competitively priced food. These are small signs that large operators are returning to the cities. But the situation -- described as "the [supermarket] 'redlining' of urban America" by the U.S. Conference of Mayors -- is urgent enough that a House committee is expected to hold hearings on the issue. Added a New York City study of the local supermarket industry: "For residents of many poor neighborhoods, grocery shopping in Leningrad wouldn't be much of a sacrifice."

The signs of the food flight are visible in most major cities: poor neighborhoods are pocked with shells of supermarket buildings boarded up or converted to other commercial uses. In Boston, 34 of 50 big-chain markets have closed since 1970. Los Angeles County, which had 1,068 markets in 1970, counted 694 in 1990. And the exodus is continuing: eight cities -- including Chicago, Kansas City, Mo., and Louisville, KY. -- told the U.S. Conference of Mayors that low income communities lost supermarkets in 1991. Neighborhood leaders say the industry is ignoring consumers with potent food-purchasing power despite their low incomes. Bob Terrell, chairman of the Greater Roxbury Neighborhood Authority in Boston, estimates that the neighborhood buys $120 million worth of food outside its boundaries annually.

Of course, communities suffer any time businesses leave. But the loss of a supermarket tugs especially hard at the fabric of a neighborhood. More than an economic anchor, it is a symbol of a community's livability. The exodus also means that those who can least afford it pay more for their food. Many patronize smaller, independent inner-city stores that often lack the wholesale purchasing power of big chains. As a result, studies show, customers often find retail prices as much as 49 percent higher for a selection of food long on canned goods and short on fresh meat and produce. Shoppers who use mass transit or taxis to go elsewhere add an extra $400 to $1,000 a year to already tight food budgets, according to New York's Community Food Resource Center.

Red Tape: Even for low-income shoppers with cars, the grocery gap means long trips for decent food. "I'm a roamer. I go everywhere. You have to," says Renee Harris, a young mother in Pittsburgh, where 14 super markets have closed since 1984. The abandonment is keenly felt on the city's desolate western edge, which lost its Giant Eagle market several years ago. Residents of two public-housing projects, Broadhead Manor and Westgate Village, cope with infrequent bus service and
gypsy cabs (licensed taxis seldom service that area) that charge $9 round trip to another Giant Eagle in a nearby suburb. The cabs cut uncomfortably into Vanessa Anderson's $300-a-month food budget. But if the 35-year old mother of two takes the bus, she can't carry more than two bags. "You can't go shopping for more than two days' worth," she says.

The industry says economic forces -- not aversion to doing business in the inner city -- have driven its exodus. The supermarket business is a low-margin proposition -- less than 1 percent net profits on sales. Nonfood items such as beauty aids and amenities such as deli counters are bigger moneymakers than groceries. A case of eye shadow is more than twice as profitable as a quart of milk. Executives say older urban stores are to small to accommodate the "product mix" they want.

High land costs and lack of suitably sized locations make it difficult to expand existing sites or build the superstores the big chains want within central cities. "You take Harlem. Where are you going to find a location to build a 45,000-square-foot store with parking?" asks Bill Vitulli, a vice president at A&P, which closed 600 stores in the 1980s, mostly in central cities. Managers say inner-city locations also bring increased shoplifting and employee pilferage as well as high labor and utility costs.

Even when a prime site is available, executives say red tape and cumbersome zoning-review procedures make it difficult to open a new store. Larry Salinas, a vice president for Supermarkets General, which owns 146 Pathmark supermarkets in the Northeast, says it can take 10 years from site selection to opening day for a supermarket in New York City -- nearly double the lead time in the suburbs.

But community leaders in underserved neighborhoods say economics is not the problem. They argue that the industry's predominantly white, suburban executives fall back on racial stereotypes that blind them to the profitmaking possibilities in low-income areas. "The perception of poor people is that they all rob and steal," says Lutual Love, head of a Pittsburgh economic-development group working to open its own small market in Broadhead Manor. Jim Soens, executive director of the Greater Englewood Local Development Corp. in Chicago, remembers driving a representative of a supermarket chain (one he won't name) for a look at the mostly black South Side neighborhood. "He said, We'll never come here and we both know why," Soens said.

New ventures: Still, there are a few hopeful signs of new shopping life. Suburban saturation has some chains taking a second look at the inner city. Food 4 Less, a southern California company, is targeting Hispanic customers in central Los Angeles and Orange County with its four-year-old Viva store format. Viva carries products such as manzanilla, verdolagas and chicharrones.

Other companies are trying joint ventures with neighborhood groups. In 1990, Newark, N.J.'s New Community Corp. persuaded Supermarkets General to open a Pathmark store in the city's Central Ward -- the first new chain market there since the 1967 riots. The Rev. William Linder, New Community's founder, spent eight years assembling land and construction financing from foundation and government sources. When he proposed to Supermarkets General that it become a partner, he said officials were "frightened to death" at the prospect. Then he took executives on a neighborhood walking tour that seemed to ease their anxieties. "They'd go by and see someone with their front door open, kids going in and out. They were impressed," said Linder.

Supermarkets General has some other incentives. The store is in a state urban enterprise zone, halving the sales tax and fattening customer volume. It also gets tax credits for hiring workers in an enterprise zone. New Community pays the chain a fee to operate the store and the two parties share profits. It's a proposition with "very little downside risk," says Salinas. The company is now investigating other joint ventures in urban areas. That's good news for shoppers, but still a drop in the basket. The sad fact is it will take a lot more than a few well-meaning joint ventures to lure big supermarkets back into the city limits.

GRAPHIC: Picture 1, A joint venture with 'very little downside risk': The Reverend Linder and Supermarkets General chief Jack Futterman, KEN KERBS -- DOT; Picture 2, A widening urban grocery gap: In a Newark, N.J., Pathmark, JACQUES CHENET -- NEWSWEEK; Graph, Empty Aisles, Since the 1970s, major supermarket chains have left the inner city in droves. SOURCE: PROGRESSIVE GROCER, SOTOODEH, NEWSWEEK; Picture 3, Seeing the profitmaking possibilities: Lutual Love in Pittsburgh, JIM JUDKIS