

Reaching New Heights

A onetime movie theater takes retailing in a diverse community to whole new level.

By Bridget Goldschmidt

Photography by Sue Barr

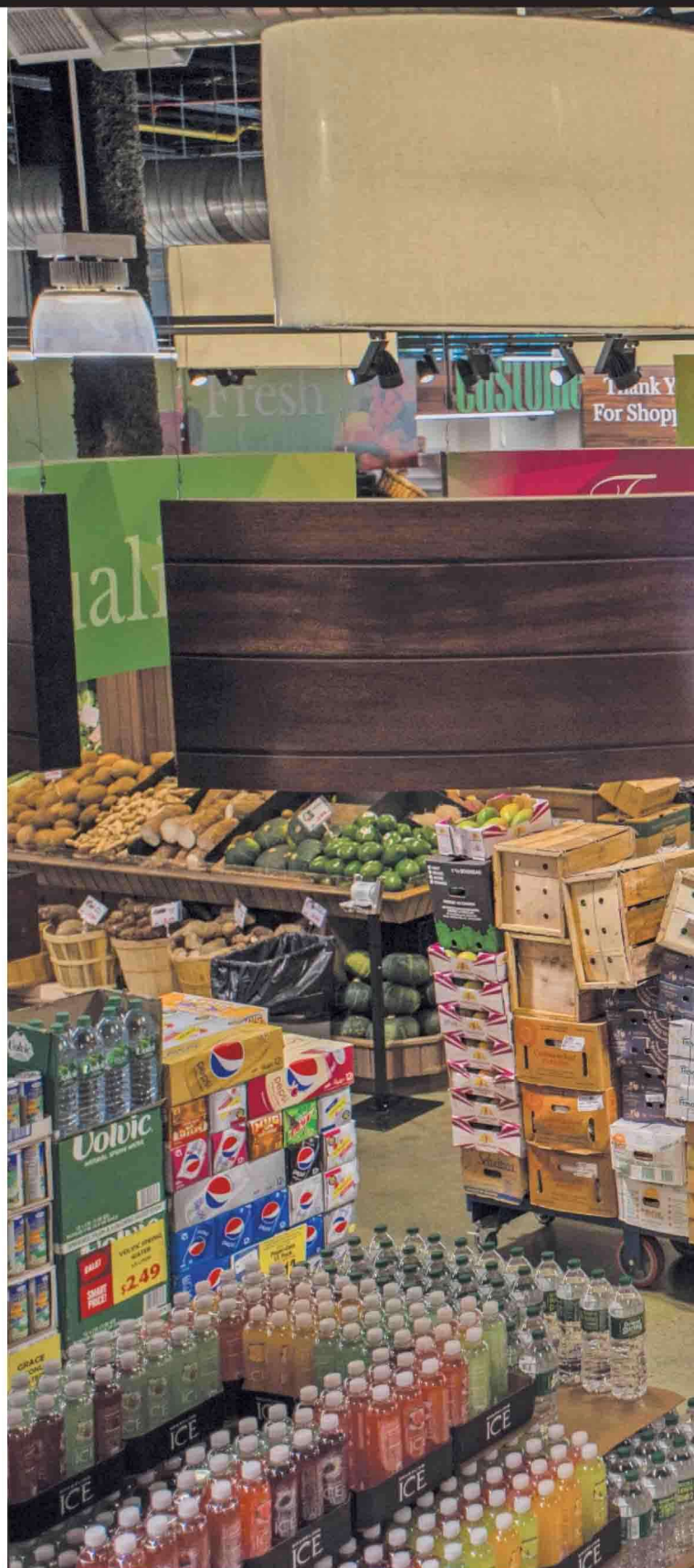
Many buildings converted into supermarkets have started out as other types of businesses, but the origins of Foodtown of Washington Heights are particularly appropriate, given the current sense of drama on display in the two-story structure.

“The site was a former movie theater, which had one level and, not surprisingly for a movie theater, a very high ceiling,” notes John T. Derderian, president of Iselin, N.J.-based Allegiance Retail Services, a retail cooperative whose members operate 80-plus stores in New York, New Jersey and Pennsylvania under the Foodtown banner. “The store took full advantage of the vertical space afforded, and a second level was constructed to maximize selling area.”

The changeover to a modern supermarket presented significant problems, however.

“The challenges were immense ... both from a planning and designing standpoint, and the most difficult [was] the actual construction of this facility,” admits Derderian. “Although there were architectural and design difficulties, the actual construction and supporting logistics were profound challenges. Think about the construction effort — with all of the vehicles needed, deliveries and storage of materials required, and the logistics of operating in a highly trafficked — both vehicular and commuter — portion of Manhattan, and you can get a sense of the enormity and complexity of the construction effort.”

Indeed, undertaking a major construction project in a busy urban community proved to be no small task. Notes Derderian: “The east-west arterials, 159th and 160th streets, which served as the logistics point, are very narrow (with 160th Street being one-way), with parking allowed on both sides of the street — except for alternate-side parking days, when garbage and street



Foodtown of Washington Heights

New York, N.Y.



The bustling first floor of Foodtown of Washington Heights, as viewed from the escalator leading to the second floor.

Foodtown of Washington Heights



The two-story Foodtown of Washington Heights, a former movie theater, dominates a corner in the heart of a busy New York City community.

cleaning occur, and vehicles can only park on one side of the street. It would be like constructing a residential house, and having the ability to only use the sidewalk for preparation and logistics. Add to that the many ambulances screaming by — the huge Columbia-Presbyterian Hospital facility is [just] blocks away — and the constant fire engines whizzing past, and you can appreciate the logistical difficulties of constructing such an ambitious project in so small and busy an area.”

On a tour of the store, owner Nasri Abed fills in more of the story. At some point after the movie theater went out of business, the site housed an earlier supermarket, called Foodarama, which lost its lease, and, most recently, a discount store, which also couldn't keep up with the high rent for which New York City is infamous. “That’s where we came in,” explains Abed. “We gutted the whole building out. We built the second floor. We put the escalators and elevators in there. We refaced the whole building. ... We had a designer and we redesigned it ourselves.” The whole process, including all of the necessary approvals and

permits, took about three years, he estimates.

All of that effort paid off, however, when the brand-new Foodtown of Washington Heights made its much-anticipated official debut last November. As Derderian notes, “The neighborhood was in need of a full-service supermarket which provided all [of] the ‘flavors of food’ this community desired — at a value to consumers. ... The community has been incredibly supportive, and the store constantly receives high marks from residents and community leaders alike.” For information on the somewhat unusual demographic makeup of the neighborhood, see the sidebar on page 42.

Getting in on the Ground Floor

In common with many grocery stores, Foodtown of Washington Heights greets shoppers with fresh produce, but with an ethnic twist: Among the usual complement of apples and carrots are nestled such items as dragon fruit and Ataulfo mangoes. At the time of *Progressive Grocer’s* visit last September, the section was slated to be “opened up” in the next month or so by another 2,000 square feet, making use of space adjoining the store.

“The produce gives ... the image of the whole store,” observes Abed. “When you walk in and you see the produce [and say], ‘Wow, this is a nice produce department,’ it makes you want to shop into the store.”

The organic/conventional ratio of products in the store is 60/40 in favor of organic, since “that’s what the area’s calling for really right now,” he

“ If something doesn’t sell, what do we do? We keep changing it. We keep fixing it. We keep fixing it till it works.”

—Nasri Abed, owner



STORE OF THE MONTH

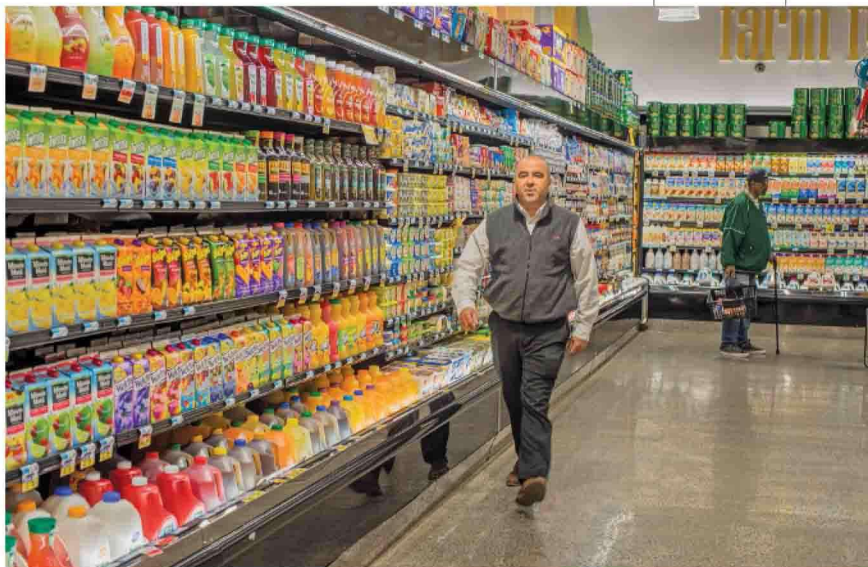
Foodtown of Washington Heights

says, noting that at first, many lower-income residents were “afraid to come into the store, because they think everything is expensive, but we’re not.” Abed attributes this affordability to Foodtown’s pricing program, which features “different zones, and they cater to the area that you’re in.”

The store is also the venue for regular health-and-wellness events targeting the community. “I have a couple [of] people that volunteer and put demos here [to teach] people how to eat,” he explains.

Abed next leads the way to the popular grab-and-go section, stopping en route to show off a highly popular 6-foot case of vegan selections, observing, “We didn’t think it was going to do good, but since we put it in ... I can’t believe [how well] this case is doing.”

Joe Fantozzi, VP-retail/member development at Allegiance, chimes in that the area’s growing gentrification has contributed to the vegan items’ success. “That’s part of the beauty of the independent,” says Fantozzi. “He’s here every day. He’s getting to know his customers. ... Everyone’s attracted to come here and shop to enjoy the drama, the theater and, of course, the right assortment to their offering.”



Fabio Guerreiro, field merchandiser-meat/seafood for the Allegiance co-op, walks by the colorful variety of refrigerated juices at Foodtown of Washington Heights.

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By the grab-and-go section, Abed notes that the store sells products under its own brand, Brooklyn Market, created in a central kitchen in one of the eight Foodtown stores that he owns in the New York City boroughs of Brooklyn, Queens, Manhattan and the Bronx. Items sold under the Brooklyn Market label include such Middle Eastern fare as hummus and tabouleh, along with a hearty bread that he says is based on that offered by upstate New York's organic Bread Alone Bakery.

Another standout is the cheese department, which in the beginning "was half of a case," recounts Abed. "It was a low case. We started doing so good with it, and a lot of people call for it, [so] we had to expand it higher and add more products." About 60 percent of the cheese the department sells is imported, he adds.

Next it's on to the sushi bar and the deli/prepared food section, the latter of which includes house-made pizza, as well as a range of hot dishes that cater to the store's busy lunchtime traffic. "We have a lot of people who work in the area," affirms Abed. "Everything's made here. Our kitchen is a full-blown kitchen." To get the food ready on time, the kitchen staff starts work every day at 6 a.m. Although the menu changes daily, some items remain perennials, like the chicken and broccoli, due to customer demand. The hot bar is replenished twice a day for the lunch and dinner crowds. Meanwhile, a handsome circular olive bar imparts what he refers to as a "European" touch.

After the deli, the store's capacious beer section beckons. "We have the biggest beer section in this area, and have all the imported, craft beers, domestic beers," says Abed. You name it, we have it in the store." He confides, though, that "we were a little afraid of it when we first built it," since "we didn't think we were going to do the sales on it," but "it's one of our best departments now." In fact, as he proudly points out: "We're No. 1 in beer sales in the whole co-op." IPAs have proved to be particularly hot sellers among the heavily Millennial demographic that frequents the department, along with craft items and ciders.

Fantozzi champions the store as "a point of ... destination for beer, which creates more trips that are coming in for beer that are picking other things up, and the independent, unlike a cookie-cutter corporate store, buys into all these niche departments ... and that puts the differentiation in the neighborhood to create sustainability."

The bakery is next, displaying a mouthwatering array of items, among them bread, baguettes and cookies baked at one of Abed's Brooklyn locations. "We have a straight Italian bakery," he notes. "Our baker is 75 years old, still baking, and one of the best bakers I've ever met." Other items are created in-store, including the store's well-loved cheesecake varieties.



Delectable prepared food offerings (top and middle) are a hallmark of Foodtown of Washington Heights, as is a well-stocked seafood section.



The deli/prepared food section (top) draws customers for lunch and dinner, while shoppers requiring assistance can go to friendly associates like Roman Adames, the store's evening service counter butcher.

Foodtown of Washington Heights

Whose Store is it Anyway?

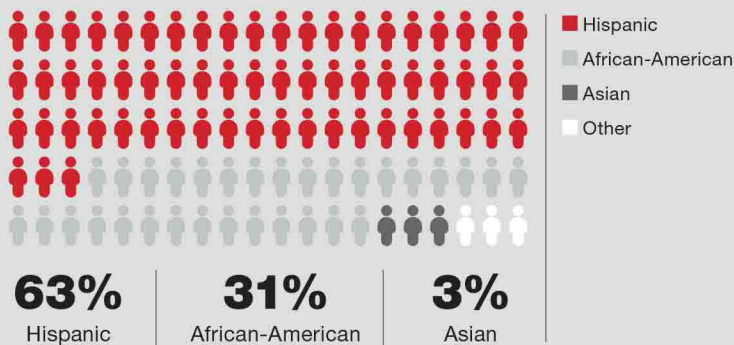
Foodtown of Washington Heights' shoppers reflect an unusually dynamic area, both in terms of people who live in the neighborhood and those who work there.

"The demographic makeup of the community really needs to be viewed from two lenses: a residential demographic composition and a daytime population makeup," explains John T. Derderian, president of Iselin, N.J.-based Allegiance Retail Services, a retail cooperative whose members operate 80-plus stores in New York, New Jersey and Pennsylvania under the Foodtown banner. "From a residential standpoint, 63 percent of the population is Hispanic, predominantly Dominican; 31 percent, African-American; and 3 percent, Asian. Like much of New York, a gradual gentrification is being witnessed in the neighborhood, with many younger urban professionals moving into this area. The daytime population increases dramatically based on the business/commerce in the area, the pedestrian shopping, and most importantly, the large number of people who work for the Columbia-Presbyterian Hospital complex and related medical facilities. ... From a demographic standpoint, the daytime population is much more diverse, as hospital associates come from all over the greater metropolitan area."

Accordingly, he points out, "the store has to meet the needs of the residential and daytime population, as shoppers will often shop on their way home from work, often utilizing mass transit — 78 percent of households in the trade area do not own a vehicle. So the store seeks to satisfy a more diverse group of shoppers than just neighborhood residents, which presented our merchants with a more challenging product mix."

By the Numbers

Demographic breakdown of the residential community



78%
Of the households in the trade area **DO NOT** own a vehicle.



Associates at Foodtown of Washington Heights sport T-shirts offering guidance to customers, as well as touting the store's free delivery service.

Movin' on Up

The time has now come to experience the upper level, accessible by elevators as well as by escalators that command attention as a store focal point. "This is our first location with a second floor," says Abed. "At the beginning, we were in fear about it, but to get to be the biggest store in the area, we figured, let's build a second floor."

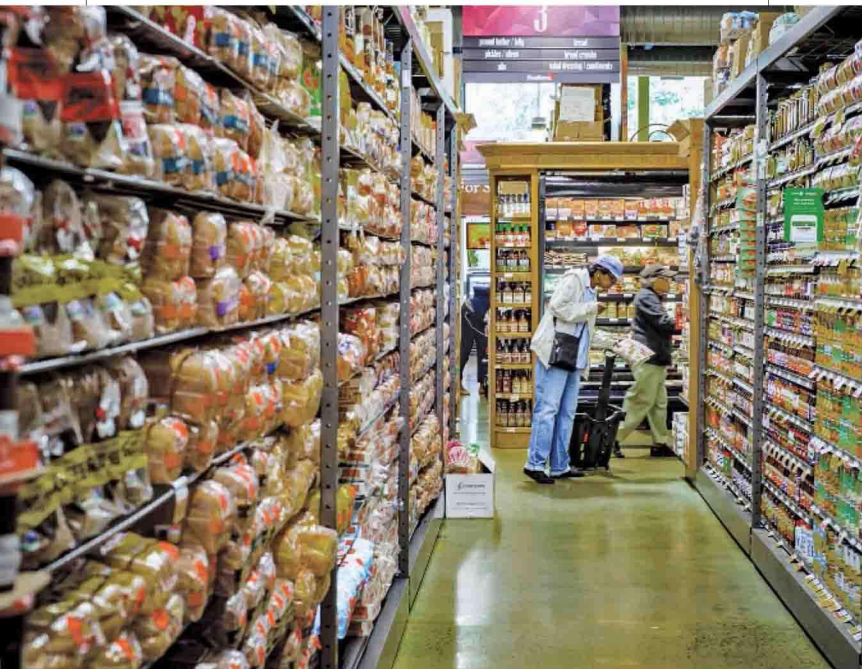
Asked to explain his trepidation, he told the story of a store that he visited on Manhattan's Upper West Side. "I went into the location, and it's in the basement," Abed says. "Understand, I'm not too crazy about stores in the basement. See, [a] second floor is better, because you're going up instead of going down."

As to which departments he decided to put on the second floor, he observes: "You want to make people go up and down. I figured, if you put the meat, seafood, grocery and dairy further up, those are the items that the customers always want, so you make them go upstairs, you understand?"

As he leads PG past a well-stocked seafood counter toward the meat cases, Abed notes, "This store, we took all our best managers from every location and we brought them here." Under the management of an associate who used to work at one of the Brooklyn stores,

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the meat department offers such upscale items as grass-fed beef. “For us to sell these kinds of high-end products in the store, that means we’re doing good,” asserts Abed. “We never thought they would call for these kinds of products here. We’re very, very impressed with the way the store came along.”

Grocery, with its large complement of natural, organic and ethnic items, also features custom wooden fixtures. “These end caps, we have a guy who works here with us, our company,” explains Abed. “His job is just to build end caps.” Additionally, the shelves feature Allegiance’s color-coded tags calling out various products’ attributes, with green for organic, beige for natural, blue for conventional, and so on.

Like many other grocers, the store integrates mainstream and organic items. “I want the people to choose between the conventional and ... the organic and natural,” says Abed, and Fantozzi points out: “You’re going to see that as price gaps continue to shrink between organic

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Foodtown of Washington Heights

600 W. 160th St. and Broadway
New York, NY 10032

November 11, 2016
Grand opening

Size:
42,000
Total square footage

Selling Area:
30,000
Square Feet
(15,000 square feet per level)

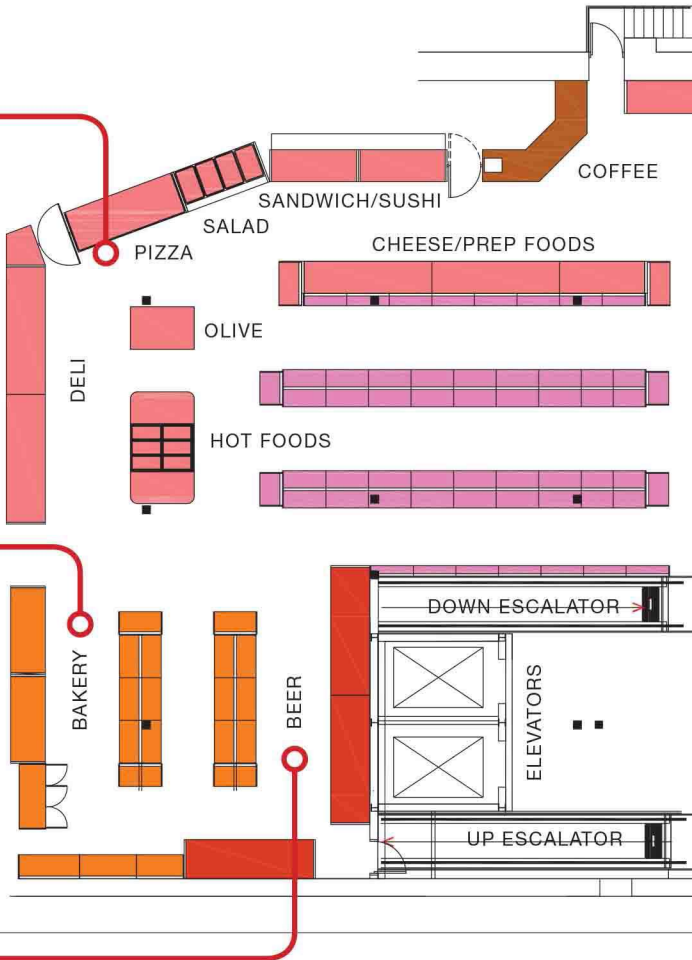
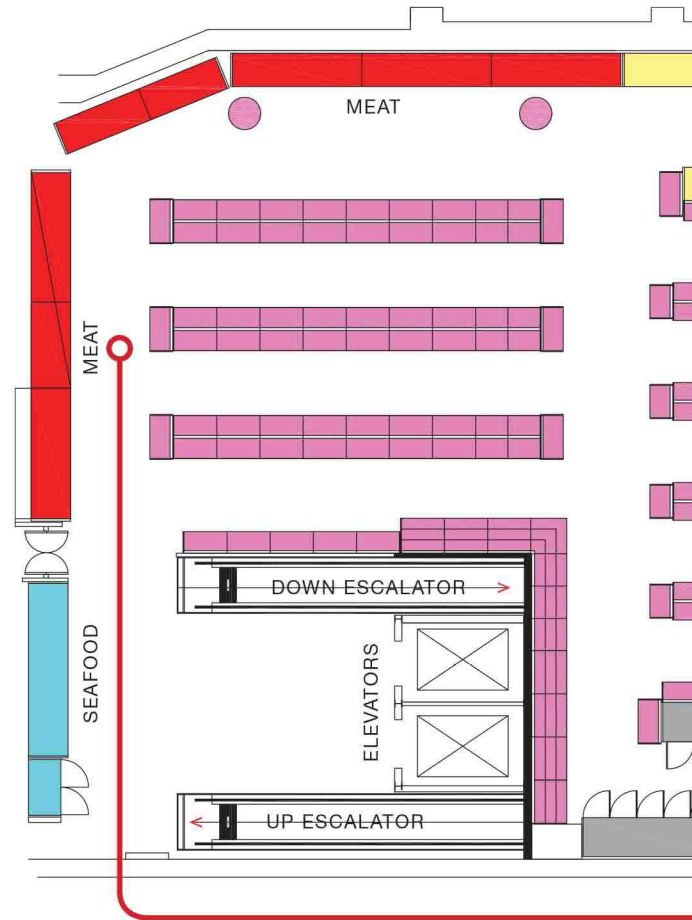
Hours: 7 a.m. to 12 a.m. daily

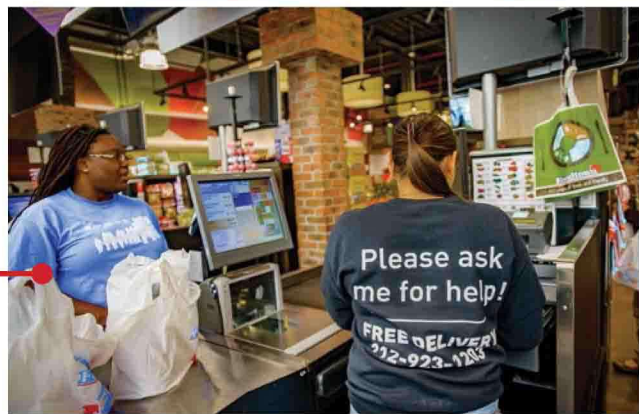
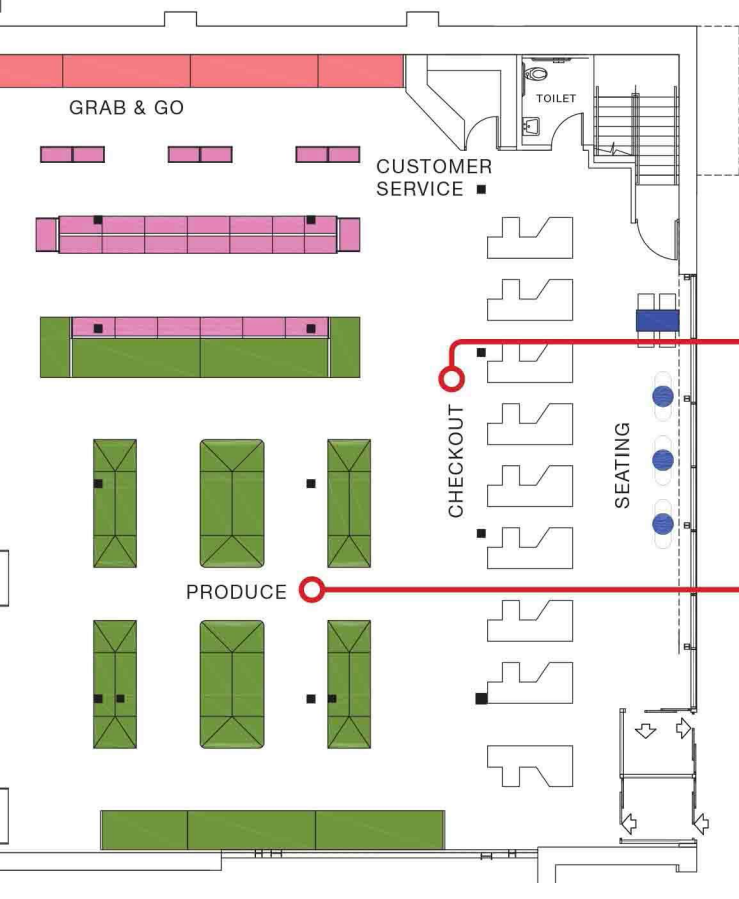
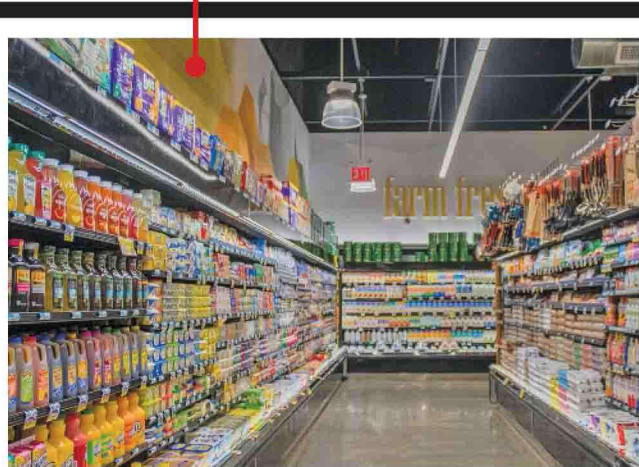
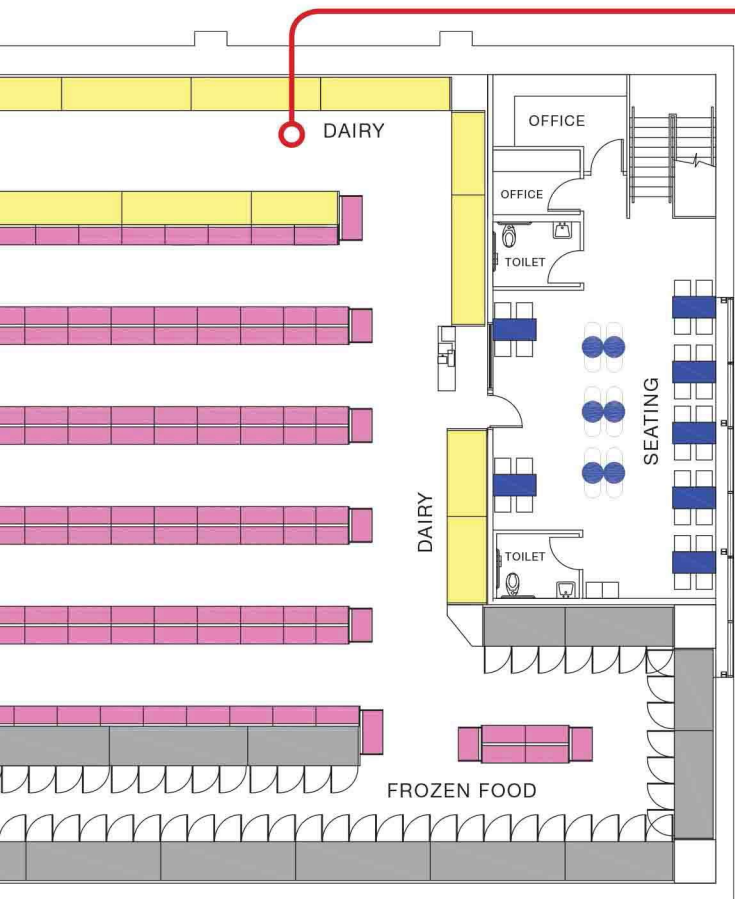
40,000
SKUs

Approximately
100
Employees

9 Checkouts

Designer: In-house





Heart of the Community

SINCE ITS OPENING, FOODTOWN OF WASHINGTON HEIGHTS HAS FORMED A SOLID BOND WITH THE SURROUNDING NEIGHBORHOOD.

“The store has been the focal point for several street events, with 160th Street — directly in front of the store — occasionally closed for vehicular traffic so the store can accommodate food trucks, demonstration/sample tables and live music, as a means to share, and give back to the community,” notes John T. Derderian, president of Iselin, N.J.-based co-op Allegiance Retail Services.

Says store owner Nasri Abed of these well-attended “block parties,” on which he’s been known to spend up to \$70,000: **“We have over 100 vendors ... giving out free products.”**

Local representatives of New York’s Finest (police) are welcome guests at these neighborhood events, where giveaways have included bikes, school bags and books for kids, as well as gift cards for adults.

The location also provides a 10 percent discount for city workers and an everyday 5 percent discount for senior citizens — not just once a week like at other retailers — according to Abed, who makes plain his steadfast support for the community’s law enforcement, fire department and hospital.

“The community, they all love me here,” he asserts. **“I’m like the mayor of this area.”**

This level of connection with area residents is par for the course for an independently owned supermarket, according to Joe Fantozzi, VP-retail/member development at Allegiance, who believes that “the difference between us and a corporate store is we’re able to engage the community. We’re able to support the Little League teams, so we create a generational process to the brand, so their [parents] wind up shopping the store. It’s a whole process. The entrenchment into the community is part of what the message of the independent operator is, and [Nasri] really does it probably best in class for our whole co-op.”

Another key way that Foodtown of Washington Heights helps the neighborhood is by hiring from it. **“Certainly, many of the associates are from the local community — it just makes sense,”** observes Derderian.

“The area is so densely populated — 170,000 people in 1 mile — that the opportunity to staff the store with a local workforce is achievable. The advantage is the short travel distance for your store team; customers who shop in the store often know the employees, and it helps to serve the community by employing and providing paychecks locally. A win-win.”



► *Continued from page 44*

and traditional. The consumer is going to naturally trade up because it’s better-for-you kind of stuff. ... Part of the integration philosophy is, if there’s a reasonable price gap between the two, she’s automatically going to trade up, which is good for the store owner; it’s also good because penny profit’s better, and ultimately, you get a more loyal consumer.”

Indicating an end cap display of eco-friendly detergents costing close to \$20 per bottle, Abed remarks, almost in disbelief, **“When I brought it into the store, I was a little afraid of people not buying it, [but now] I can’t even hold it on the shelves.”**

The dairy department, meanwhile, “is also one of our best departments in this location,” he says. **“This is another thing why the people come upstairs, just for milk and eggs.”** Speaking of eggs, Abed is keen to show off an intuitive cross-merchandising solution pioneered at this store: bacon and eggs placed side by side. **“It’s amazing,”** he notes of shoppers’ response to the innovation. **“I said, ‘You know what? Let me just take something off the meat department and let me just put them together,’ and it became the best.”**

Unsurprisingly, the approximately 65-door frozen section is, as Abed affirms, **“No. 1 [in the co-op] again. I like breaking records, by the way.”** Expanding on its success, he adds: **“I like to challenge everybody. I love to challenge. I’m a big gambler. Our frozen department’s, hands down, No. 1. Reason why, if something doesn’t sell, what do we do? We keep changing it. We keep fixing it. We keep fixing it till it works.”**

Ice cream is a big seller within the section, particularly brands with healthier nutritional profiles, like Halo Top, which, as Abed puts it “came of out nowhere” to sell at Foodtown of Washington Heights at a slightly lower price than the \$6.99 or so it normally goes for at other locations.

Also upstairs are a lone checkout station, staffed by a real live associate, where shoppers can pay for quick purchases without having to go back down, and a seating area overlooking the teeming street below, where people can kick back, relax and enjoy the lunches they’ve just bought.

Reflecting on his two-story supermarket, which dominates a corner in one the most dynamic cities on earth, Abed enthuses, **“Honestly, it’s been nothing but just escalating to a higher level.”** **PG**