

UBC Social Ecological Economic Development Studies (SEEDS) Student Report

An Investigation into A Grocery Store in the New Student Union Building

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FOR DR. CARLA PATERSON AND DR. NAOKO ELLIS

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Applied Science 262 – Final Report

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ABSTRACT

When the new Student Union Building at the University of British Columbia opens in 2014, the Alma Mater Society and independent tenants will be operating a variety of food outlets, shops and services. A student grocery store has been proposed as an alternative to the ready-made, pre-packaged food currently available in the old Student Union Building. The Alma Mater Society is interested in an environmentally friendly, healthy alternative to the ready-made pre-packaged food outlets but needs more information on the viability of operating a grocery store. Ideally, the Alma Mater Society would like to lease space in the new Student Union Building to a third party tenant who has expertise as well as experience operating a grocery store.

To advise the Alma Mater society, a triple bottom line analysis was conducted analyzing the economic, social and environmental aspects of various third party store options. Economically, the Alma Mater Society is willing to experiment with this project and is not concerned with having a large return on the investment but would like the potential grocery store to stay net positive. As environmental factors are very important to UBC, and how large a carbon footprint produced by the store is looked at closely, the produce is restricted to being locally grown. Plastic bags will be either charged a nominal fee or not be included in the purchase of food. Socially, students from varying disciplines were polled to obtain data that would show whether or not there is public interest in a student grocery store. The results of the poll were positive, and indicated that a student grocery store would be well used. Local produce stores were phoned to obtain data that would show if the market place was interested in the proposition. The results of phoning varying produce stores was positive, and only asked that there be more information on hand to give them so that they can make a more informed decision.

The results from the triple bottom line analysis concluded that the Student Grocery Store appears to be feasible. A more in-depth analysis is recommended to peruse the concept of a grocery store.

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1.0 INTRODUCTION

The purpose of this report is to present the research and results of the triple bottom line analysis conducted at the request of Collyn Chan, Alma Mater Society (AMS) new Student Union Building (SUB) Sustainability Coordinator. The triple bottom line indicators will be based on the environmental, social and economic benefit or disadvantages of the project. For the project to be considered feasible, each respective triple bottom line metric must be determined to be positive. The Alma Mater Society is interested in an environmentally friendly, healthy alternative to the ready-made pre-packaged food outlets but needs more information on the viability of operating a grocery store. Ideally, the Alma Mater Society would like to lease space in the new Student Union Building to a third party tenant who has expertise as well as experience operating a grocery store. A triple bottom line analysis was conducted to investigate the economic, social and environmental aspects.

1.1 VISION

The New AMS Student Union Building will be a unique destination that serves as a dynamic gathering place for students to interact and grow a vibrant student community on the UBC-Vancouver campus. Located on University Square, this outstanding facility will feature the highest levels of sustainable building design and an innovative Student-Driven Decision-Making Process that will serve as a model for future developments on UBC and around the world.

2.0 BACKGROUND

The University of British Columbia has become a global leader in sustainability and is constantly adapting, evolving and promoting a sustainable and green campus upon which students and staff can learn and grow. With the proposition of a new Student Union Building (SUB), a unique opportunity has presented itself. A proposal/request for a student run produce or grocery store was submitted to the AMS sustainability Coordinator, Ms Collyn Chan. The grocery store would aim to provide students and staff with a healthy alternative to the pre-made, ready cooked food options currently available in the SUB. The proposed store would serve natural, organic healthy food, from local suppliers. The grocery store would be a combination of a bakery, fruit stand, deli and produce store; essentially the store would stock healthy foods determined by the customer demand.

2.1 LOCATION

The location of the new SUB, highlighted in yellow (refer to Figure 1) will be directly below the current Student Union Building (indicated by the red arrow), and on the corner of University Boulevard and East Mall on the UBC Vancouver campus. The location for the new SUB is centrally located on the UBC Campus as it is adjacent to both the diesel and electric transit bus loops. Approximately 140 000 transit commuter trips are made to and from UBC on an average weekday. The new SUB is in the direct walking path of all students, faculty and persons commuting to UBC via transit.

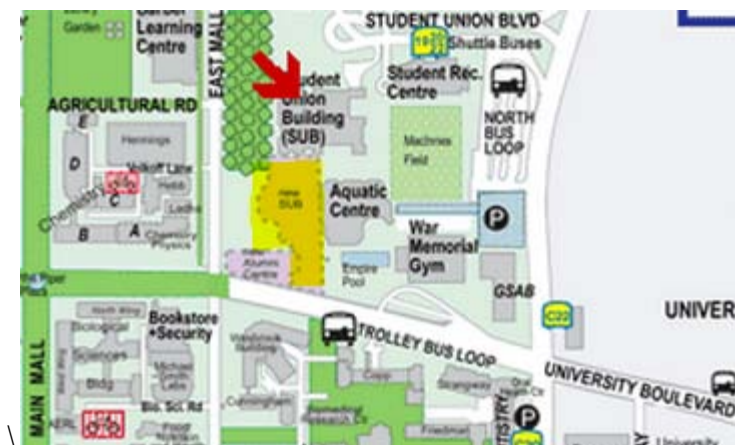


Figure 1: Location of New Student Union Building

Numerous students, staff and persons pass through the SUB on any given day purchasing coffee, snacks and full meals. The proposed student grocery store would use its prime location to attract business.

2.2 Student Union Building Characteristics

- **Size:** specified for 250,000 square feet (50% increase from the current SUB) five stories tall with approximately 32,000 square feet of social and recreation space, 25,000 square feet of bookable space, 30,000 square feet of club office space, and 40,000 square feet of food and retail space.
- **Price:** \$103 million

- **Timeline:** Currently in the Developmental Design stage of the Project. Construction will begin in 2012. Doors are scheduled to open in 2014.
- **Sustainability goals:** The New SUB will aim for LEED Platinum Plus, the highest Green Building rating in North America with considerations for the Living Building Challenge.
- **Agreement Signed:** The AMS and UBC held a signing ceremony on April 30th, 2010 to celebrate their agreement after two years of lengthy in-depth negotiations.

The exact floor space for the store was unable to be confirmed due to grocery store project still being in the proposal phase. The space available for the store was approximated to be 2000 ft², which would provide adequate space for a produce store. The approximation was based off of the UBC online public blueprint of the New SUB (refer to Appendix A). The utilities were deemed to be sufficient for any retailer to move in. However, if the grocery store required additional utilities beyond an average tenant, this increased demand would be reflected in an increase in rent. With these assumptions, triple bottom line indicators were set out to answer the question whether justifying a student grocery store would be plausible.

3.0 Triple Bottom Line Indicators

The main indicators that were looked at during the research phase of the project were based on answering these questions:

- Who will be the franchise?
- What will the grocery store stock?
- Will produce from the UBC Farm be sold at the grocery store?
- What will be done with bad product?
- Will the pricing be competitive?
- Will plastic bags be used, or bring your own?
- Will students be employed at the grocery store?

As UBC is a global leader in sustainability a large priority has been imposed on sustainability and minimizing the environmental impact. Questions were asked of our stakeholder to see some of the options that were deemed important for this project.(Please see Appendix C)

3.1 Environmental

The grocery store would like to be environmentally friendly. The transportation of products, use of plastic bags and garbage produced by the grocery store were identified as the three environmental indications to be analyzed in the triple bottom line analysis.

Due to the fact that neither the franchise nor distributor has been determined, it is impossible to accurately measure the amount of Carbon Dioxide and bio-waste that the produce store would produce. Once a franchise and distributor has been identified, an analysis of the pollution and carbon dioxide emission with regards to the transportation of goods would be required and the necessary steps would need to be taken to mitigate and minimize the pollution and carbon dioxide emissions.

Currently, grocery stores are trying to minimize the use of plastic bags by charging a nominal fee or having re-usable bags for sale at the checkout till. There is significant evidence produced by the Recycling Council of Ontario that a five-cent fee for single use plastic bags can reduce the plastic bags distributed by grocery stores by 70%. Additionally, the demand for reusable bags has increased 500% since June 1, 2009. Students and staff at UBC carry book bags, shoulder bags and briefcases. Therefore, the grocery store would not supply plastic bags. Students and staff are expected to bring their own bags or purchase single use items.

Operating a grocery store that offers fresh produce, baking and goods has the potential for overstocking and risking having fresh goods go bad or stale. In the model of this grocery store, the store would be restocked every Monday morning to be stocked for the week. At this time it was assumed that the grocery store will not be in operation over the weekend. It is imperative to keep the potential waste out of landfills and devise an environmentally feasible solution. Two options have been identified to avoid this potential problem. First, to aid the students who live on campus, the grocery store could offer half-off Fridays to get rid of perishable food before the weekend. Also, on Fridays, perishable food could be donated to local shelters to help feed those in need.

3.2 Social

The grocery store needs to be socially beneficial to the students and staff of UBC. The purpose of the grocery stores objective is to provide a healthy alternative to the pre-packaged, ready cooked options currently available at the SUB. According to the *Public Health Reports*, a Food and Drug Administration (FDA) report, the general public wants to know the nutritional information of the food they are purchasing. Vancouver is a very active and fit city. The students and staff of UBC are constantly faced with the decisions of where to purchase their food. Healthy alternatives and a healthy alternative that clearly shows the nutritional information of the products is it selling would be beneficial to students who are on diets, vegans or gluten free. Additionally, the grocery store would be a social benefit to those who simply don't desire junk food as a snack.

The grocery store would like to provide healthy alternatives to the ready made pre-packaged food currently available at the SUB. At this time, a distributor and supplier has not been identified and thus it is not feasible to specify exactly which fruits, vegetables and fresh baking the store will stock. However, it has been specified that the grocery store want to stock healthy foods and no junk or high calorie options.

In the study, *Retail Grocery Store Marketing Strategies and Obesity*, conducted by the American Journal of Preventative Medicine, it was concluded that product placement, advertising and in store marketing can influence food-purchasing behavior. New students at UBC can be overwhelmed by the multitude of food options and often do not make the healthiest choices. The initial weight gain has been dubbed the "freshmen fifteen", which is indicative of the additional fifteen pounds new students gain during their "freshmen" or first year at University. Utilizing product placement and in-store advertising and marketing, the student grocery store can influence the purchasing decisions the students and staff of UBC to purchase healthier food options maintain or lower their weight and potentially avoid the "freshman fifteen".

3.3 Economic

The grocery store only needs to be in the positive profit margin to be considered viable from the perspective of the AMS. The primary reason for not requiring large profit is that the grocery store will cater to students wanting a healthy alternative to pre-packaged foods with

competitive prices. Due to the fact that a suitable franchise has not been determined, no information in terms of rent or initial capital can be accurately determined. If the AMS decides to move forward with a student grocery store, then those details can be discussed and concluded in an appropriate business plan and contract between the AMS and the respective franchise.

Various recommendations or stipulations can be incorporated into the contract between the AMS and potential franchise. One such recommendation would be that students could be the primary employees in the store. Many students require part-time employment to supplement their student loans and for students already on the UBC campus attending campus, employment at the campus grocery store would not require the students to commute significant distances to work.

4.0 Methodology

After identifying the environmental, social and economic indicators of the triple bottom line analysis, solutions were devised to make recommendations to ensure that the environmental, social and impacts of the grocery store would benefit the students and staff of UBC. Once it was determined that the grocery store would be beneficial to the students and staff of UBC, it was imperative to determine if the students and staff would use the grocery store if available and which company could potentially be the franchise and provide their third party expertise. To determine if the student grocery store would be a successful endeavor, information about student and staff interest was collected and numerous grocery store that operate in the Kitsilano and Point Gray neighborhoods of Vancouver were contact to assess their interest as potential franchises.

4.1 Data Collection: Student Interest

A survey (refer to Appendix D) was developed and was initially intended to be distributed via email to the students and staff of UBC. The AMS was consulted and as a result of UBC and AMS policy, any data retrieved from a UBC survey must remain anonymous and the results cannot be published. Also, Faculty and Department email lists are contained within their respective faculties and departments. Within the time constraints and scope of this report, it was decided it was not feasible to distribute the surveys and collect and analyze the data retrieved from the population as the UBC Vancouver Campus. A summary of UBC Vancouver has been provided in the Table 1.

Table 1: Summary of UBC Students and Staff of 2010/2011

Student label and staff	Population
• Undergraduate	38,477
• Graduate	9,997
Faculty and Staff	13,893
Total	62,367

Source:<http://www.publicaffairs.ubc.ca/services-for-media/ubc-facts-figures/>

According to The Department of Student Housing and Hospitality Services, Student Housing Vancouver provides accommodation for approximately 8000 students, staff and faculty.

The survey was distributed to the students Applied Science 262 Tutorial T2B, as well as the tutorial instructor. Although this sample set is not representative as of population as a whole, it is considered to be an adequate size for the purpose of this report. Once the surveys were distributed, completed and returned, the results of the survey were plotted in a histogram as shown in Figure 2. The survey provided a lot of useful data and highlighted interesting trends.

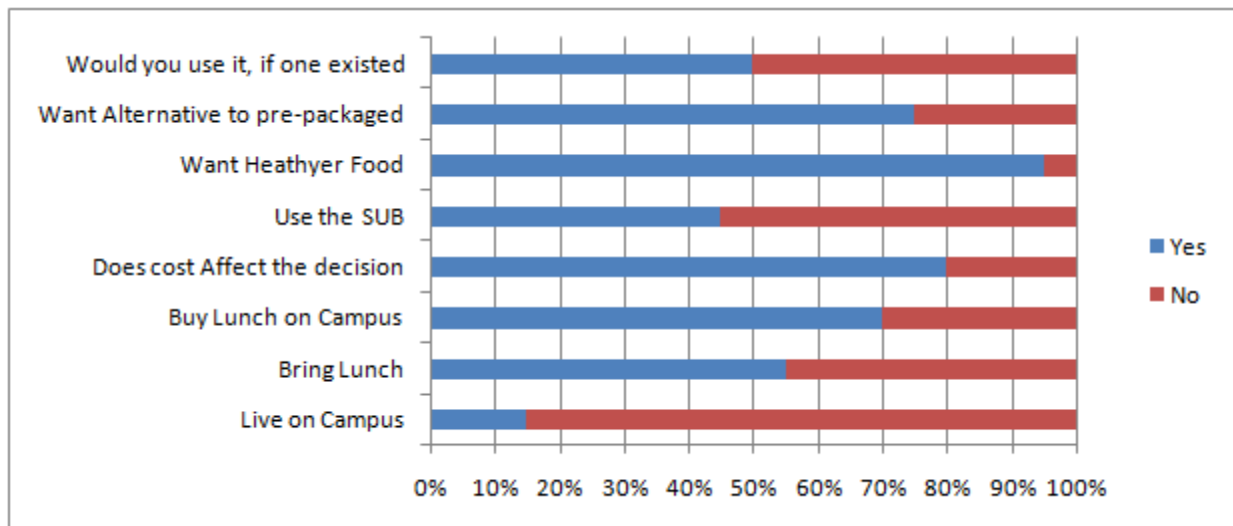


Figure 2- Results of Student Interest Survey

As can be seen from Figure 2, only 15% of the sample set lived on campus. Compared to the statistical evidence that shows 12.83% of students and staff live on campus. Also 70% of people surveyed purchase their lunch on campus. This translates to 43657 people purchasing their lunch on campus every day. Also, of the people polled, 95% of them would like healthier food options. This translates to 59248 people who would like a healthier alternative to the pre-packaged readymade food currently available on campus. Both the experimental evidence and theoretical evidence conclude that a healthy, fresh produce grocery store would be utilized by the students and staff of UBC and would be beneficial.

4.2 Data Collection: Potential Retailers

According to Collyn Chan Alma Mater Society (AMS) new Student Union Building (SUB) Sustainability Coordinator, the AMS would like to contract a third party franchise which would provide a General Manager with relevant expertise and experience in the day to day operation of a grocery store as currently, there is no one in the AMS that could fulfill the position and has the proper credentials.

A list of the grocery stores currently operating in the neighborhoods surrounding the UBC Vancouver campus was generated and they were contacted to determine if they would be interested in the opportunity to expand and open a franchise location in the new SUB. The grocery stores contacted and their responses are summarized in Table 2.

Table 2: Summary of Grocery Stores Contacted and Responses

Name of Store	Location	Response
Norton Commons	2501 West Broadway	Positive interest
Greens	1978 West Broadway	Positive interest
UBC Farm	3461 Ross Drive	Interested
Buy Low Foods	19580 Telegraph Trail	Positive response
IGA	Broadway and Vine	Required more information
Young Brothers Produce	3151 West Broadway	No Response
Choices	8188 River Way	No Response

Norton Commons and Greens were very interested in the opportunity to open a franchise location in the new SUB. The UBC Farms is interested in selling their produce at the store and operating in the capacity of a supplier of the store but not interested in operating the store. Buy Low Foods offered a positive response to questions about store operations. Buy Low Foods was willing to provide industry expertise to student who were researching how to operate a successful grocery store but were not actively interested in opening a franchise at the UBC Campus. IGA wanted significantly more information than was available at this time. Such as: how large will the store be, how much will rent be, what storage space is available, etc. Both Young Brothers Produce and Choices market did not respond to phone calls or emails. After several attempts to contact representatives from Young Brothers Produce and Choices Markets, it was assumed that neither company was interested in a franchise opportunity. For a list of some of the questions asked to the potential suppliers, please see Appendix B.

After contacting numerous companies that operate grocery stores, there was initial curiosity of the possibility of a potential franchise opportunity at the UBC campus but, each respective company has numerous questions that needed to be answered by persons who have the authority to speak on behalf of UBC and the AMS.

5.0 Conclusions and Recommendations

Based on the triple bottom line analysis, student and staff feedback and the response from potential franchises, the student grocery store in the new SUB is feasible. Using the techniques and recommendations set out the environmental, social and economic indicators of the triple bottom line analysis; this project would be beneficial to the students and staff of UBC.

There was relevant data collected from students and staff of the Applied Science 262 Tutorial T2B, it is recommended that a larger survey be conducted polling students from other faculties as well staff from other faculties. Additionally, a confidence interval would need to be determined to ensure the sample set is representative of the population. Information was collected from grocery stores operating in the neighborhoods adjacent to the UBC-Vancouver Campus. This is not an exhaustive list of the grocery stores operating in Vancouver. A thorough list of grocery stores operating in Vancouver should be compiled and the grocery stores should be contacted individually gauge their interest in the franchise opportunity in the new SUB.

If a grocery store franchise is identified there are recommendations and stipulations that can be incorporated into the contract between the AMS and the franchise to promote sustainability and meet the criteria set out in the triple bottom line analysis. Partnering with student initiatives such as “eco-to-go” food storage containers would help lower the environmental footprint of the store because students would be utilizing reusable containers. A food preparation stations could be located adjacent to the store; which would provide a place for grocery store customers to prepare the food they purchased. Product placement and in store marketing can be used to influence the purchasing decisions of customers and promote the purchase of healthy food options. Students can be required to be the primary employees in the store, which would create jobs on the UBC campus and provide part-time employment for students.

GLOSSARY

AMS

Alma Mater Society

FDA

Food and Drug Administration

SUB

Student Union Building

LIST OF WORK CITED

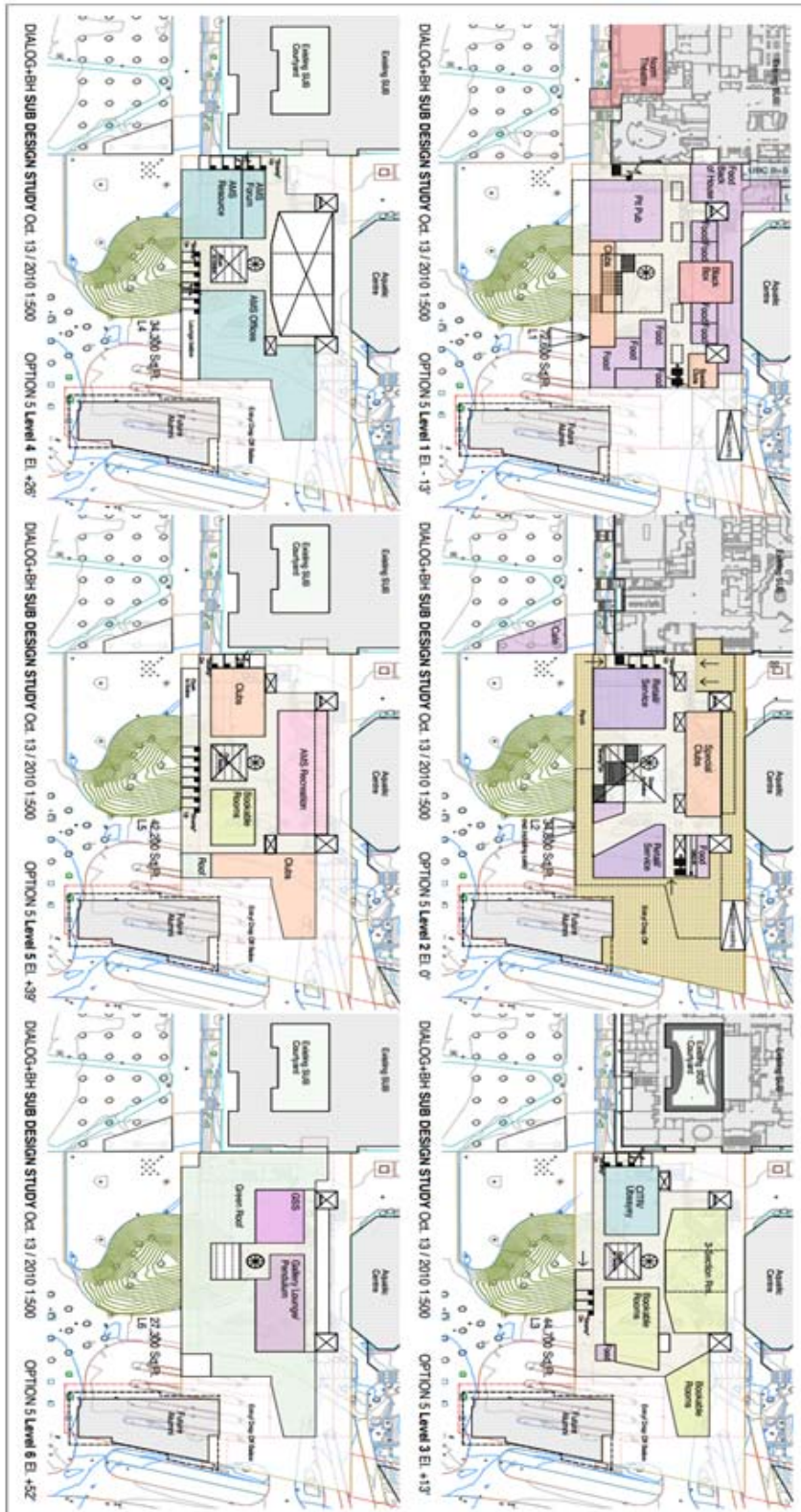
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APPENDIX A: Student Union Building Blueprint



APPENDIX B: Sample Grocery Store Question

When gathering information on the potential produce stores that would be interested in starting up a business at UBC, various questions were asked. It was assumed when contacting these businesses; they already showed a strong desire and commitment to being more healthy and sustainable, while selling local produce.

- We were wondering if your business would be interested in expanding into UBC, if the new Student Union Building had a space available for it?
- What is the minimum size of floor space that your business needs to operate at your desired profit margin?
- What do you feel the student body of UBC needs in order to reach a sustainable way of life?

Appendix C – Questions from stakeholder

Ms. Collyn Chan, AMS New SUB Sustainability Coordinator is the primary stakeholder and contact for this project. Our Project group met with her on Tuesday February 5th, 2013 to have her answer some preliminary questions. Below is a summary of the questions and answers.

Q: What types of groceries would the store sell? Fresh Produce, Dry/Canned goods, stationary?

A: At this time, it is undetermined which type of groceries the store would sell. The project is designed to provide a healthy alternative to the ready-made or processed food currently available in the Student Union Building. Part of the report requested of you is to provide recommendations, based your research on which types of groceries the store should stock.

Q: How would the store benefit students who live off campus and commute?

A: Students who live off campus would have full access to the store and they would be able to purchase single items such as fruits and vegetables, instead of bringing those items in their bag lunch.

Q: If the space is rented to a third party, who will control what the store will sell?

A: Currently, no one at the AMS has any experience managing or running a grocery store. The AMS would like to franchise a grocery store and potentially bring in a third party manager to run the day-to-day operations of the store. The franchise selected would depend heavily on your research and presumably the third party manager would utilize their expertise in this area.

Q: Will the employees of the store be students.

A: The AMS is willing to investigate the option of creating more student jobs on campus and it is possible to stipulate in the contract with the franchise that there should be students employed at the store.

Q: How will the pricing of goods be set?

A: The franchise manager would set the price of the products in the store. Obviously the price of goods must be competitive with the grocery stores and fresh produce stores on Broadway and Fourth Avenue.

Q: When selecting a third party to lease to, will any consideration be made to their current commitment to sustainability?

A: Yes, UBC is a global leader in sustainability. The AMS would like the franchise to not only have a commitment to sustainability on the UBC campus but at their other franchise locations as well.

Q: Will the grocery store ban, or refuse to use plastic bags?

A: At this time, no definite commitment can be made. The majority of students and staff carry backpacks or shoulder bags and would utilize them for carrying goods. The idea of requiring patrons to bring reusable bags, as well as selling reusable bags is definitely worth investigating.

Q: Would the store be open on the weekends?

A: That depends. The AMS would like the store to be profitable, so if it were financially advantageous to be open on the weekends, then the store likely would be.

Q: If the grocery store is an alternative to the ready-made food in the SUB, will there be food preparation stations available for students who purchase food from the store?

A: Yes, currently in the plans for the new SUB, allocations have been made for third party vendors. Some of that space could potentially be used for washing fruits and vegetables as well as food preparation.

Q: Will plastic cutlery be provided, or will students be required to bring cutlery, or will metal cutlery be provided.

A: Cutlery will likely be provided. It would be environmentally beneficial to supply metal cutlery and have them washed after use but because of the to-go options, plastic cutlery would have to be provided.

APPENDIX D: Sample Grocery Store Survey

	YES	NO
Do you live on campus?	<input type="checkbox"/>	<input type="checkbox"/>
Do you bring your own lunch?	<input type="checkbox"/>	<input type="checkbox"/>
Do you buy your lunch on campus?	<input type="checkbox"/>	<input type="checkbox"/>
Does the cost of food affect your decision on where to purchase food?	<input type="checkbox"/>	<input type="checkbox"/>
Do you frequently use the current SUB?	<input type="checkbox"/>	<input type="checkbox"/>
Do you want healthy food options in the new SUB?	<input type="checkbox"/>	<input type="checkbox"/>
Do you want an alternative to the ready-made or pre-cooked food options currently available in the SUB?	<input type="checkbox"/>	<input type="checkbox"/>
If the new Student Union building had a grocery store, would you use it?	<input type="checkbox"/>	<input type="checkbox"/>
What food item or grocery do you want, but currently cannot purchase on campus?	_____	