

# Demographics and Consumer Purchasing Patterns

## Consumers Drive the Local Food Market

Baltimore County has a population of just under 800,000 people in over 300,000 households. The greater region<sup>1</sup> has a population of over 9 million. Baltimore County and Central Maryland provide a large consolidated food and green products market, predominantly through direct marketing, and retailers such as Whole Foods and Wegmans. The food market from New York City to Washington, DC, which includes both Baltimore County and the Baltimore and Washington DMAs, is the largest and most diverse in the nation.

The median household income of Baltimore County suggests a solidly middle class population. The substantial difference between Median and Average Household Income suggests a large disparity between the highest income

Consumer Data	Baltimore County	Baltimore/ Washington DMAs	US
Population	797,364	9,136,237	306,348,230
Households	316,565	3,457,014	115,337,039
Average Household Size	2.52	2.64	2.66
Household Income			
Median Household Income	\$61,891	\$70,395	\$53,154
Average Household Income	\$81,626	\$95,253	\$73,126
Per Capita Income	\$32,807	\$36,394	\$27,916

*Source: All data pages 18-21, ESRI, 2007. All dollars unadjusted, 2007.*

earners and majority of income earners. Most households earn close to the median income, while a few earn so much as to increase the average by over \$20,000. When compared to the regional DMAs, Baltimore County's household income suggests a population more middle class and in line with the nation, than the region.

Household size is slightly lower in Baltimore County than for the region and is slightly lower than the national average. This, coupled with a higher than average median age (39.9) suggests a tendency of the Baltimore County population to be characterized by older couples without children, or empty nesters.

While household income is an important factor in making "local" food purchases, educational attainment is the primary determinant and urbanization is a secondary determinant. Highly educated consumers who associate themselves with an urban lifestyle have the highest propensity for purchasing local foods, despite their income level. Urbanization in Baltimore County is analyzed on the following page using Tapestry Segmentations. The chart on the following page shows educational attainment levels for Baltimore County and the regional DMAs, along with the breakdown of household income. While Baltimore County is slightly below the DMAs in the number of residents over the age of 25 who have college or postgraduate degrees, the levels for both the region and the County are well over the national averages.

The rate of growth in the marketplace, along with generally high income levels

<sup>1</sup> The combined Baltimore Designated Market Area (DMA)<sup>™</sup> and the Washington DC DMA<sup>™</sup> are trademarked by Neilson Media Research<sup>™</sup> to include all counties which form an exclusive geographic area.

suggests strong opportunities for expansion in direct market sales, horticulture (especially in landscaping services and nursery items), and pleasure equine. Expansion opportunities in local agritourism may arise as economic uncertainty causes many residents to travel close to home.

	Baltimore County	Baltimore /Washington DMAs
25+ Educational Attainment		
No High School Diploma	15.70%	15.60%
High School Graduate	27.60%	24.30%
Some College, No Degree	20.60%	19.40%
Associates Degree	5.60%	5.10%
Bachelor's Degree	18.10%	20.10%
Master's/Prof/Doctorate Degree	12.50%	15.50%
<b>Households by Income</b>		
< \$15,000	7.30%	8.00%
\$15,000 - \$24,999	8.00%	6.30%
\$25,000 - \$34,999	9.00%	7.50%
\$35,000 - \$49,999	14.80%	12.20%
\$50,000 - \$74,999	21.20%	18.90%
\$75,000 - \$99,999	15.20%	14.70%
\$100,000 - \$149,999	15.10%	17.90%
\$150,000 - \$199,999	4.60%	7.40%
\$200,000+	5.00%	7.20%

Consumer urbanization is determined using a proprietary measure developed by ESRI called Tapestry Segmentation. The Tapestry model provides a means by which communities of people can be typed by self-recognized characteristics. Understanding how communities view themselves relates significantly to group lifestyle and purchasing habits. For example, self described “urban” groups are those that display grouped characteristics such as walking to work, shopping at boutique stores, and renting housing, despite whether they live in an urban area or not. For this project, Tapestries are important because these same urban consumers tend to shop more regularly, are more likely to buy perishable and whole products, especially local products, and prefer specialized retailers such as farmers’ markets.

Top 5 Tapestry Segments (percent of total households)	Baltimore County	Baltimore/ Washington DMAs	US
Cozy and Comfortable	11.00%	2.60%	2.80%
Main Street, USA	9.20%	3.80%	2.60%
In Style	7.30%	4.70%	2.50%
Rustbelt Retirees	6.00%	1.10%	2.10%
Prosperous Empty Nesters	5.50%	1.30%	1.80%
Total	39.00%	13.50%	11.80%
Diversity Index	49.2	61.4	54.6

There are 66 Tapestry Segments, divided into Lifestyle and Urbanization classifications. Eleven percent of Baltimore County population falls into the Tapestry Segment classified as Cozy and Comfortable. These residents are middle-aged, married couples, living in single-family homes in older neighborhoods. They tend to be older, but not retired and work in professional, managerial, or service jobs, and have considerable debt in their homes. They tend to eat out in family restaurants, and grocery shop at stores such as Shop 'N Save, where they spend \$100-\$150 per week. The top five Tapestry Segments in Baltimore County represent 39% of the population and are all urban-based. The dominant characteristic associated with these groups is their affiliation with an urbanite lifestyle and consumer pattern.

Baltimore County has a moderate diversity index, slightly lower than the national average, and lower than the regional average, suggesting a moderately diverse population which is similar to the diversity shown by the Tapestry Segments. Diversity in the region and in the County is expected to increase with overall population growth, which has been driven mostly by the growth of the Hispanic population in the region.

### **Hispanic Market**

Another large market for fresh produce and niche dairy is the rapidly growing Hispanic Market. The Hispanic market is the largest and fastest growing segment in the United States (14% of U.S. population as of July 1, 2004). Hispanic purchasing power is increasing dramatically (160% from 1990 to 2001). Hispanic populations tend to purchase more raw products and prepare more meals at home. Sixty-seven percent prepare meals from scratch and only use 9% convenience foods in preparing meals. Shoppers in this segment shop for fresh foods more frequently than other ethnic segments, averaging 4.7 shopping trips per week. Overall, US shoppers average 2.2 shopping trips per week.

Hispanic buyers tend to shop at specialty food stores more than other segments and tend to be highly price sensitive and very aware of product quality. Shoppers highly value Spanish language services and selections of ethnic specialty produce. Hispanic shoppers spend \$117 per week on grocery expenditures versus the US average of \$87 per week.

Baltimore County had a population of Hispanic Origin of 20,810 in 2007. The Baltimore/Washington DMAs had a Hispanic population of 733,582 in 2007.

### **Purchasing Potential**

Spending Potential and Market Potential are two measures used to determine the market for certain products. Spending Potential represents the amount spent on products versus the national average (of 100). A spending potential of 90 suggest spending 10% below the national average, suggesting either a saturation of the market, a lowering of prices, or the fact that consumers' income restraints keep prices low.

Market Potential is a measure of the likelihood that a population engages in a certain activity versus the national average (of 100). When coupled with Spending Potential, clearer assumption on market patterns can be made.

Baltimore County has a spending potential index of 110 for food purchases.

### ***Main Street, USA***

Characterized by a traditional lifestyle, this tapestry group lives on the outer edge of urban areas and is relatively young, with families. It is the identity with family that most defines this sector, including places they eat and activities they pursue.

### ***In Style***

This segment lives in the suburbs but prefer the city lifestyle. While their neighborhoods are more suburban than urban, they nevertheless embrace the urbane lifestyle. They are married with and without children, and are particularly health and diet conscious.

This is significantly lower than the regional average of 129, however, Baltimore County residents have a higher propensity to have purchased most food products in the last 6 months, suggesting that lower prices may lead to more overall consumption. Of significant note is the higher than average likelihood that a Baltimore County resident has visited a restaurant more than 2 times in past month.

Spending Potential	Baltimore County	Baltimore/ Washington DMAs	US
Food	110	129	100
Food at Home	109	128	100
Food Away from Home	112	131	100
<b>Market Potential</b>			
Bought Beef (fresh/frozen) in last 6 months	102	99	100
Bought Bread in last 6 months	100	100	100
Bought Chicken/turkey (fresh or frozen) in last 6 months	101	101	100
Bought Fish/seafood (fresh or frozen) in last 6 months	102	102	100
Bought Fresh fruit/vegetables in last 6 months	101	100	100
Bought Fresh milk in last 6 months	101	100	100
Visited a Family restaurant/steak house last mo: <2 times	102	102	100
Visited a Family restaurant/steak house last mo: 2-3 times	108	104	100
Visited a Family restaurant/steak house last mo: 4+ times	110	105	100

The final measure is that of Retail Gap which measures demand minus supply. A negative Retail Gap suggests that consumers come from outside the project area to make purchases, and a positive Retail Gap suggests that consumers must leave the area to make purchases. Negative retail gap signifies both saturation of the immediate market, and retail hub activity, while positive Retail Gaps suggest potential for new business growth.

The data suggests that there is significant room for growth in Baltimore County in Full Service Restaurants, and some room for expansion in Food and Beverage Stores and Grocery Stores.

Retail Gap (Demand - Supply)	Baltimore County
Food and Beverage Stores	\$60,765,654
Grocery Stores	\$48,839,389
Specialty Food Stores	\$13,168,535
Food Service and Drinking Places	\$46,235,605
Full Service Restaurants	\$139,639,375
Limited-Service Eating Places	(\$104,179,643)
Special Foods Services	(\$22,481,053)