

3 Trends Shaping the Grocery Sector Right Now



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Key Takeaways:

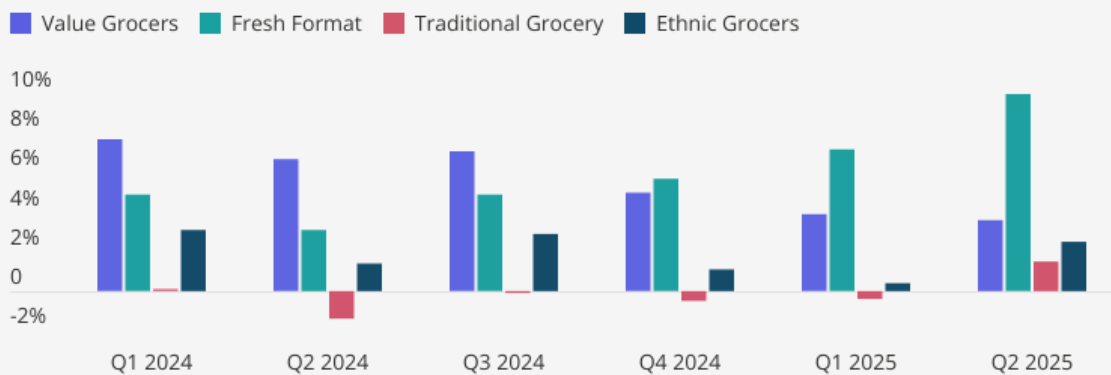
- **Broad-based growth:** All four grocery formats grew year-over-year in Q2 2025, with traditional grocers posting their first rebound since early 2024.
- **Value grocers slow:** After leading during the 2022–24 trade-down wave, value grocer growth has decelerated as that shift matures.
- **Fresh formats surge:** Now the fastest-growing segment, fueled by affluent shoppers seeking health, wellness, and convenience.
- **Bifurcation widens:** Growth concentrated at both the low-income (value) and high-income (fresh) ends, highlighting polarized spending.
- **Shopping missions diverge:** Short trips are rising, supporting fresh formats, while traditional grocers retain loyal stock-up customers and value chains capture fill-in trips through private labels.
- **Traditional grocers adapt:** H-E-B and Harris Teeter outperformed by tailoring strategies to their core geographies and demographics.

Bifurcation of Consumer Spending Help Fresh Format Lead Grocery Growth

Grocery Momentum Shifts to Premium

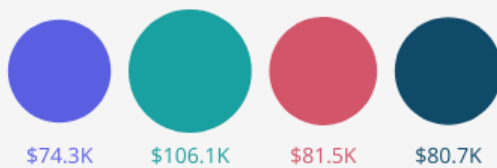
All four grocery segments grew YoY in Q2 2025, but fresh formats emerged as the fastest-growing segment – thanks in part to its affluent, health-focused shopper base – highlighting a market shift toward premium wellness and a bifurcation of spending between low- and high-income consumers.

Quarterly Visits Compared to Previous Years



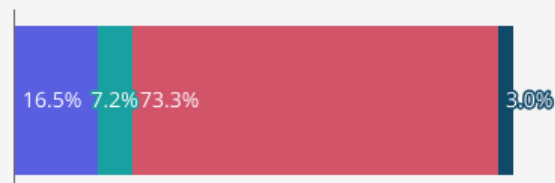
[Download data](#)

Median HHI of Visitors in H1 2025*



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Share of Visits By Grocery Segment in H1 2025



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*Based on STI: Popstats & Placer.ai Captured Trade Area Data



Growth Across Grocery Formats

Grocery traffic across all four major categories – value grocers, fresh format, traditional grocery, ethnic grocers – was up year over year in Q2 2025 as shoppers continue to engage with a wide range of grocery formats. Traditional grocery posted its first YoY traffic increase since Q1 2024, while ethnic grocers maintained their steady pattern of modest but consistent gains.

Value Grocers Growth Slows as Trade-Down Effect Matures

Value grocers, which dominated growth through most of 2024 as shoppers prioritized affordability, continued to expand but have now ceded leadership to fresh-format grocers. [Rising food costs](#) between 2022 and 2024 [drove](#) many consumers to chains like [Aldi and Lidl](#), but much of this “trade-down” movement has already occurred. Although price sensitivity still shapes consumer choices – keeping the value segment on an upward trajectory – its growth momentum has [slowed](#), making it less of a driver for the overall sector.

Affluent Shoppers Drive Major Gains for Fresh-Format Grocers

Fresh-format grocers have now taken the lead, posting the strongest YoY traffic gains of any category in 2025. This segment, anchored by players like [Sprouts](#), appeals to the highest-income households of the four categories, signaling a growing influence of affluent shoppers on the competitive grocery landscape. Despite accounting for just 7.0% of total grocery visits in H1 2025, the segment’s rapid gains point to a broader shift: premium brands emphasizing health and wellness are emerging as the primary engine of growth in the grocery sector.

Bifurcation of Spending Reshaping Grocery

The fact that value grocers and fresh-format grocers – segments with the lowest and highest median household incomes among their customer bases – are the two categories driving the most growth underscores how the bifurcation of consumer spending is playing out in the grocery space as well. On one end, price-sensitive

shoppers continue to seek out affordable options, while on the other, affluent consumers are fueling demand for premium, health-oriented formats. This dual-track growth pattern highlights how widening economic divides are reshaping competitive dynamics in grocery retail.

Bottom Line:

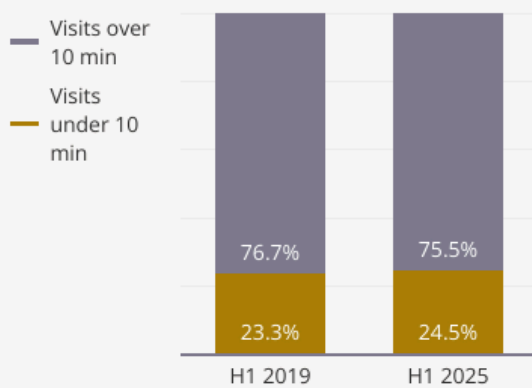
- **Broad-based growth:** All four grocery categories posted YoY traffic gains in Q2 2025.
- **Traditional grocery rebound:** First YoY increase since Q1 2024.
- **Ethnic grocers:** Continued steady but modest upward trend.
- **Value grocers:** Still growing, but slowing after most trade-down activity already occurred (2022–24).
- **Fresh formats:** Now the fastest-growing segment, driven by affluent shoppers and interest in health & wellness.
- **Market shift:** Premium, health-oriented brands are becoming the new growth driver in grocery.
- **Bifurcation of spending:** Growth at both value and fresh-format grocers highlights a polarization in consumer spending patterns that is reshaping grocery competition.

Consumers Turn to Different Grocery Formats for Different Needs

Different Grocery Formats Capture Different Missions

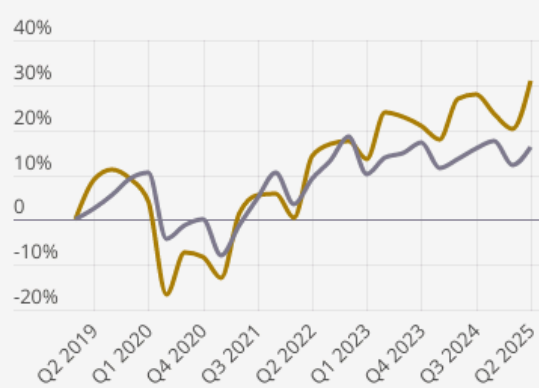
Shoppers are splitting their grocery habits across formats, favoring specialty purchases at fresh formats, bigger stock-ups at traditional grocers, and top-up trips at value grocers – highlighting how different models align with distinct consumer needs.

Change in Share of Short vs. Long Grocery Visits



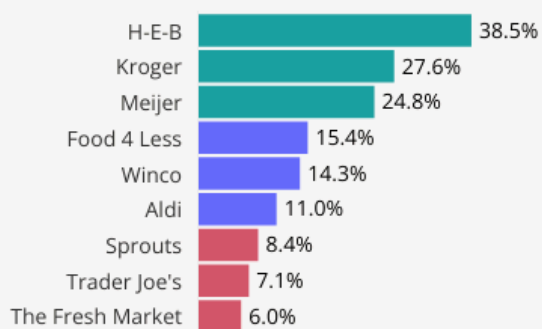
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Grocery Visits Compared to Q1 2019



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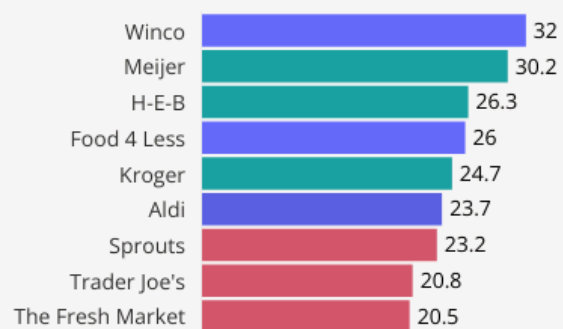
% of Shoppers Visiting Chain 4+ Times a Month, H1 2025



[Download data](#)

Value Grocer Traditional Grocer Fresh-Format Grocer

Average Dwell Time in Minutes, H1 2025



[Download data](#)

The Rise of Short Trips

Over the past two years, short grocery trips (under 10 minutes) have grown far more quickly than longer visits. While they still make up less than one-quarter of all U.S. grocery trips, their steady expansion suggests this behavioral shift is here to stay and that its full impact on the industry has yet to be realized.

Fresh Formats Capture Quick Missions

One format particularly aligned with this trend is the fresh-format grocer, where average dwell times are shorter than in other categories. Yet despite benefiting from the rise of convenience-driven shopping, fresh formats attract the smallest share of loyal visitors (4+ times per month). This indicates they are rarely used for a primary weekly shop. Instead, they capture supplemental trips from consumers looking for specific needs – unique items, high-quality produce, or a prepared meal – who also value the ability to get in and out quickly.

Traditional Grocers Built on Loyalty

In contrast, leading traditional grocers like H-E-B and Kroger thrive on a classic supermarket model built around frequent, comprehensive shopping trips. With the highest share of loyal visitors (38.5% and 27.6% respectively), they command a reliable customer base coming for full grocery runs and taking time to fill their carts.

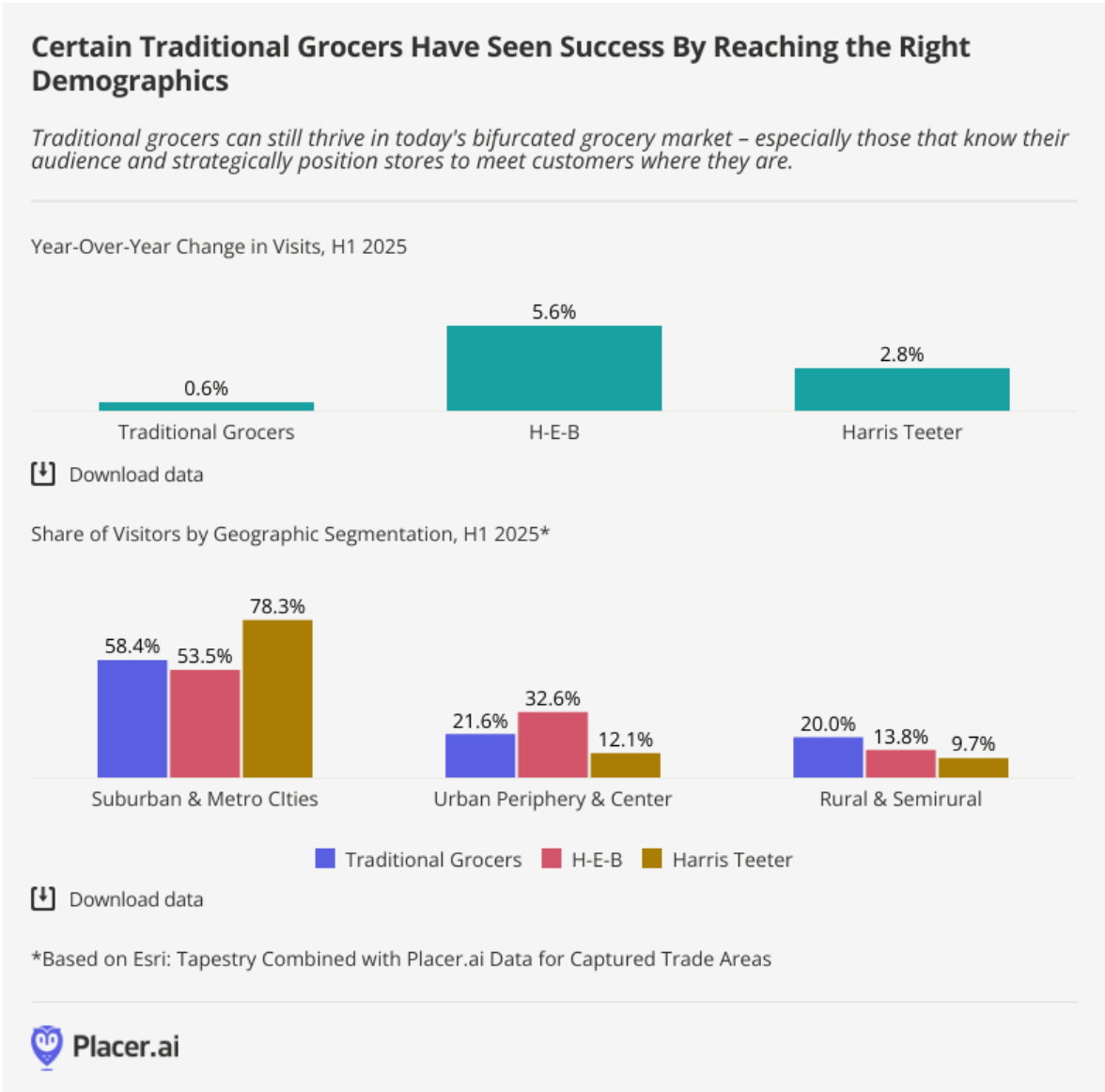
Value Grocers as “Fill-In” Players

Value grocers follow a different, but equally effective playbook. Positioned as primary “fill-in” stores, they sit between traditional and fresh formats in both dwell time and visit frequency. Many rely on limited assortments and a heavy emphasis on private-label goods, encouraging shoppers to build larger baskets around basics and store brands. Still, the data suggests consumers reserve their main grocery hauls for traditional supermarkets with broader selections, while using value grocers to stretch budgets and stock up on essentials.

Bottom Line:

- **Short trips surge:** Under-10-minute visits have grown fastest, signaling a lasting behavioral shift.
- **Fresh formats thrive on convenience:** Small footprints, prepared foods, and specialty items align with quick missions.
- **Traditional grocers retain loyalty:** Traditional grocers such as H-E-B and Kroger attract frequent, comprehensive stock-up trips.
- **Value grocers fill the middle ground:** Limited assortments and private label drive larger baskets, but main hauls remain with traditional supermarkets.
- **Fresh formats as supplements:** Fresh format grocers such as The Fresh Market capture quick, specialized trips rather than weekly shops.

The Right Strategy Can Drive Growth For Traditional Grocers



Traditional Grocers Can Still Win

While broad market trends favor value and fresh-format grocers, certain traditional grocers are proving that a tailored strategy is a powerful tool for success. In the first half of 2025, H-E-B and Harris Teeter significantly outperformed their category's

modest 0.6% average year-over-year visit growth, posting impressive gains of 5.6% and 2.8%, respectively. Their success demonstrates that even in a polarizing environment, there is ample room for traditional formats to thrive by deeply understanding and catering to a specific target audience.

Different Paths, Same Focus

These two brands achieve their success with distinctly different, yet equally focused, demographic strategies. H-E-B, a Texas powerhouse, leans heavily into major metropolitan areas like Austin and San Antonio. This urban focus is clear, with 32.6% of its visitors coming from urban centers and their peripheries, far above the category average. Conversely, Harris Teeter has cultivated a strong following in suburban and satellite cities in the South Atlantic region, drawing a massive 78.3% of its traffic from these areas. This deliberate targeting shows that knowing your customer's geography and lifestyle remains a winning formula for growth.

Bottom Line:

- **Traditional grocers can still be competitive:** H-E-B (+5.6% YoY) and Harris Teeter (+2.8% YoY) outpaced the category average of +0.6% in H1 2025.
- **H-E-B's strategy:** Strong urban focus, with 32.6% of traffic from major metro areas like Austin and San Antonio.
- **Harris Teeter's strategy:** Suburban and satellite city focus, with 78.3% of traffic from South Atlantic suburbs.