

October 2023

# Banner Variety Within 3 Grocery Giants

Dive into the foot traffic and location intelligence data to see how leading grocery companies are leveraging their banner diversity to thrive in an increasingly competitive environment.



## Overview

The grocery industry in the United States is highly diverse, with national chains like [Trader Joe's](#) and local operations such as [WinCo Foods](#) meeting the needs of grocery shoppers throughout the country. And even within the larger holding companies such as [The Kroger Co. and Albertsons Companies](#), different banners serve different audiences.

Which holding company caters to a diversity of income levels through its different brands? What company attracts an outsize share of rural shoppers with its fast-growing local chain? And where are the smaller brands of a holding corporation reaching more families with children than that corporation's conventional chain?

This white paper analyzes the reach of some of the largest grocery holding companies in the United States, including Ahold Delhaize, The Kroger Co., and Albertsons Companies, and dives into leading banners within each company. The report shows which holding companies are most active in each market and looks at the different functions played by the holding companies' various banners.

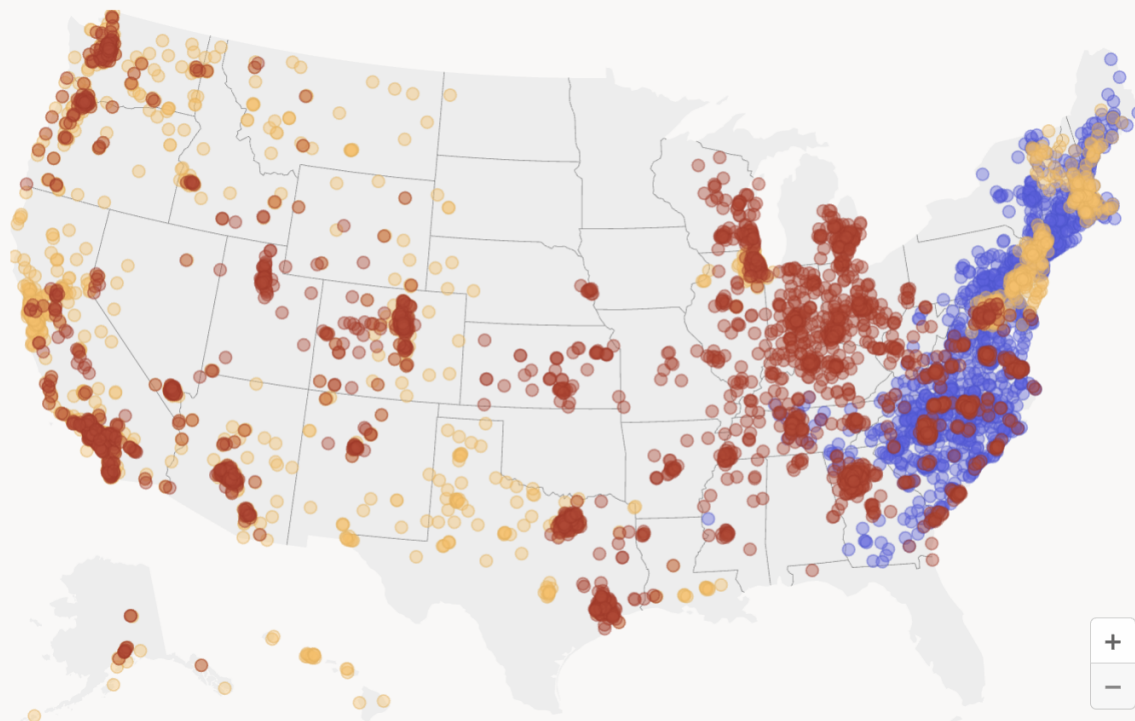
## A Diversity of Holding Companies

Despite the [significant size](#) of the top grocery players in the United States, no single holding company controls the grocery market. Instead, the space is divided between local players, independently-owned national chains, and holding companies that operate a variety of regional and national banners.

Ahold Delhaize, with brands such as Food Lion, Giant, Hannaford, and Stop & Shop, is concentrated in the northeast and mid-Atlantic. Albertsons Companies, which includes Albertsons, Safeway, Vons, Shaws, and others is active in the western half of the country, with a particular focus on the coast. The company also has a presence in the Chicago area with its Jewel-Osco banner and in the Northeast through Shaws and Star Markets. And The Kroger Co. banners – which include Kroger, Fred Meyer, Ralphs, and others – are peppered throughout the country with important clusters in Oregon, Washington, Southern California, and the [East North Central Division](#) of the Midwest.

## Geo-Distribution of Ahold Delhaize, Albertsons Companies Inc., and Kroger Co. Banner Locations

■ Ahold Delhaize Banners ■ Albertsons Banners ■ Kroger Banners



Created with [Datawrapper](#)



## Kroger's Price-Impact Format Finding the Right Market

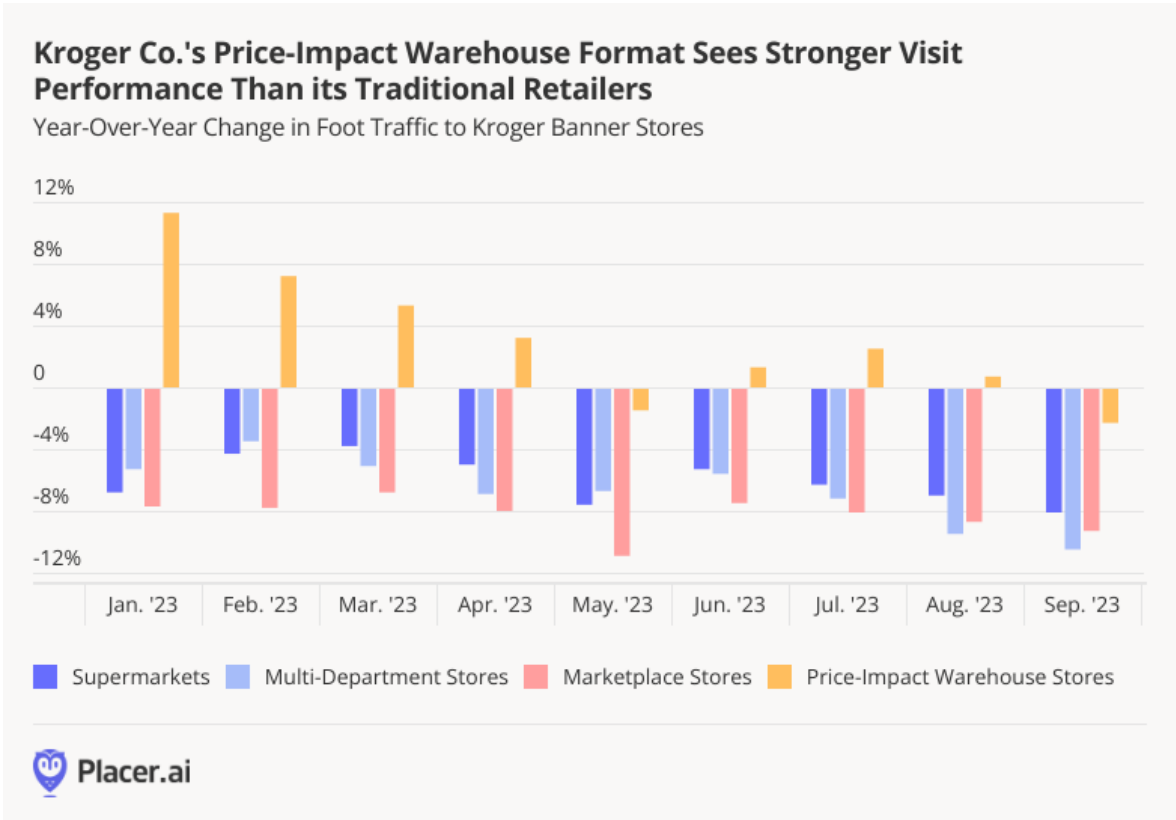
The Kroger Co. is the [largest](#) of the three holding companies analyzed in this report. The company's retail footprint extends far [beyond grocery](#), and its grocery business includes four different [formats](#). The Kroger Co.'s banner diversity allows it to serve a variety of audiences while still benefiting from a substantial retail footprint – including by promoting a [retail media network](#) that allows advertising partners to showcase their campaigns across the various banners.



Supermarkets – standard neighborhood food and drug stores – are the company’s primary grocery format, and mostly serve shoppers that live within a couple miles of the venue. Multi-department stores (specifically, the Fred Meyer banner) sell apparel, home fashion, hardware, and other items in addition to standard foodstuff.

Marketplace stores, which function as expanded versions of some of the company’s supermarket banners, offer toys, electronics, and general merchandise alongside a full-line supermarket.

Lastly, price-impact warehouse stores, under the banners of Food 4 Less and Foods Co., carry standard grocery fare alongside ethnic products in large, warehouse-style venues that are particularly attractive to budget grocery shoppers. And [following trends seen across many retail categories](#), The Kroger Co.’s low-cost options seem to be outperforming the company’s other formats.



## Kroger's Winning Family-Friendly Format

A variety of factors is likely driving visits to the price-impact warehouse stores, including [trading down](#) behavior from shoppers looking to reduce their grocery spending in the face of [still-high](#) prices. And families with children – who have been hit [hard](#) by the ongoing inflation – may be trading down more than other segments.

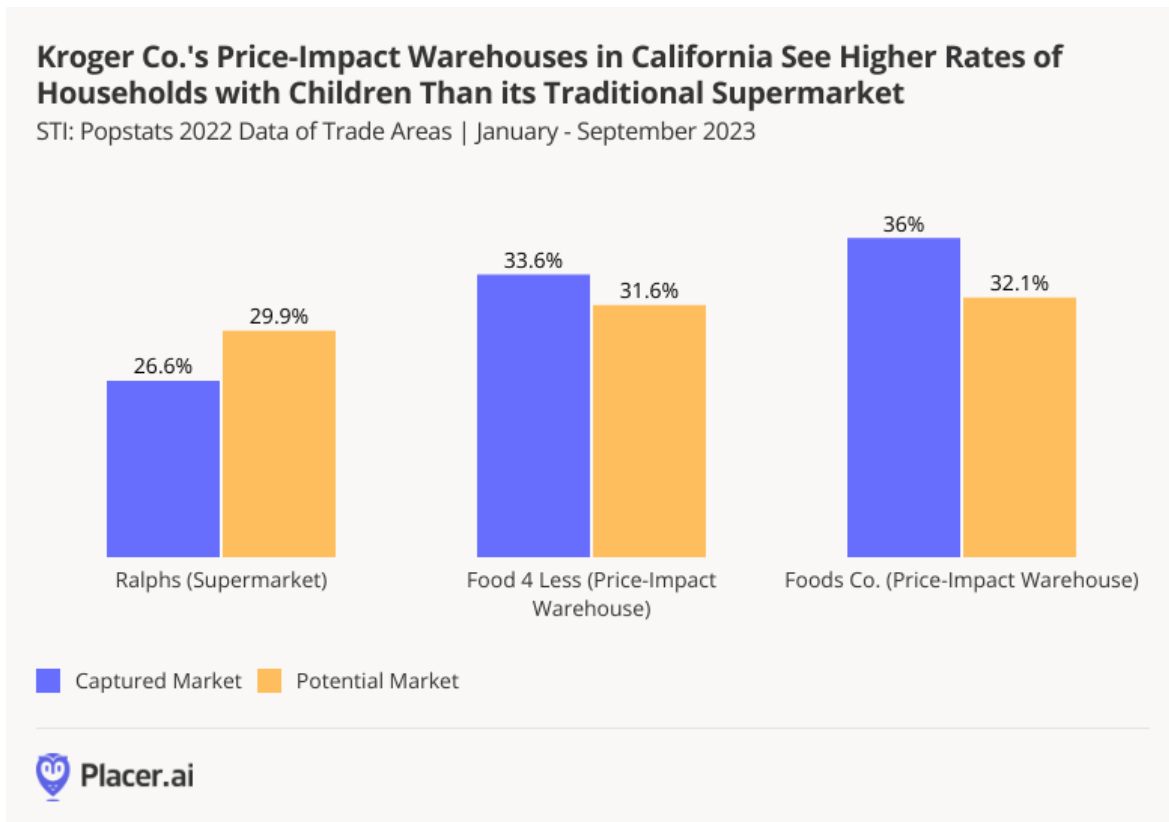
The price-impact warehouse store venues are primarily located in California, where The Kroger Co. also operates Ralphs under its classic supermarket format. Layering the [STI: Popstats](#) dataset on the captured market trade area of the three banners – Food 4 Less, Foods Co., and Ralphs – reveals that the price-impact warehouse stores are indeed particularly attractive to households with children.

A chain's *potential market* trade area consists of the areas where visitors to the chain reside, weighted according to the *population size* of each Census Block Group (CBG) of the trade areas. The *captured market* consists of the areas where visitors to the chain venues reside, but weighted according to the *actual visit share* to the chain from each CBG. And analyzing the [potential market trade areas](#) of Food 4 Less and Foods Co. shows that these include slightly more households with children than the potential market trade areas of Ralphs. This means that the price-impact warehouse banners are likely located near neighborhoods that are a little more family-friendly than the neighborhoods serviced by Ralphs.

But the share of households with children in Food 4 Less and Foods Co.'s captured market is even higher than it is in the potential market, and significantly higher than the share of households with children in Ralphs' captured market. And the share of households with children in Ralph's captured market is actually lower than it is in Ralph's potential market – so Ralphs' trade area includes fewer families to begin with, and an even smaller share of those families shop at Ralphs.

This data indicates that households with children are overrepresented in Food 4 Less and Foods Co.'s actual visitor base relative to their share in these chain's potential markets while being underrepresented in Ralph's visitor base. The difference in the two format's visitor base coupled with the price-impact formats' visit increases

suggest that families on a budget may be a significant factor driving strength among The Kroger Co.'s price-impact warehouse store.



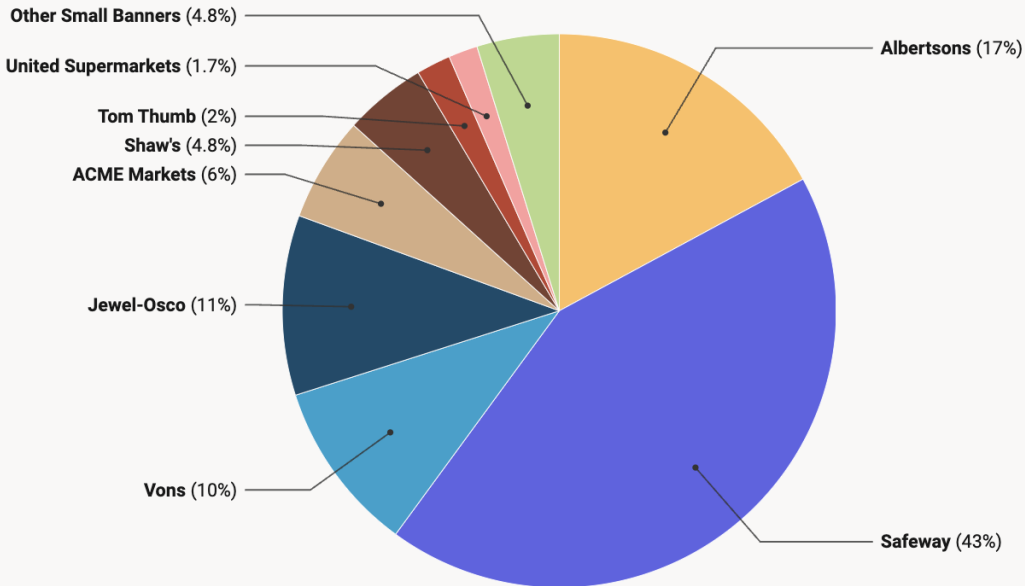
## Albertsons Banners Attracting a Variety of Income Levels Across States

Albertsons Companies Inc. is the country's [second largest](#) grocery store operator after The Kroger Co., operating around 20 [well-known banners](#) across the country.

Safeway receives the largest visit share (43.0%) out of the Albertsons Companies Inc.'s various banners, followed by the Albertsons brand (17.0%), Jewel-Osco (11.0%), and Vons (10.0%). The company also operates a number of smaller chains, including ACME, Shaw's, Tom Thumb and United Supermarkets.

## Share Of Visits Across Albertsons Banners

January - September 2023



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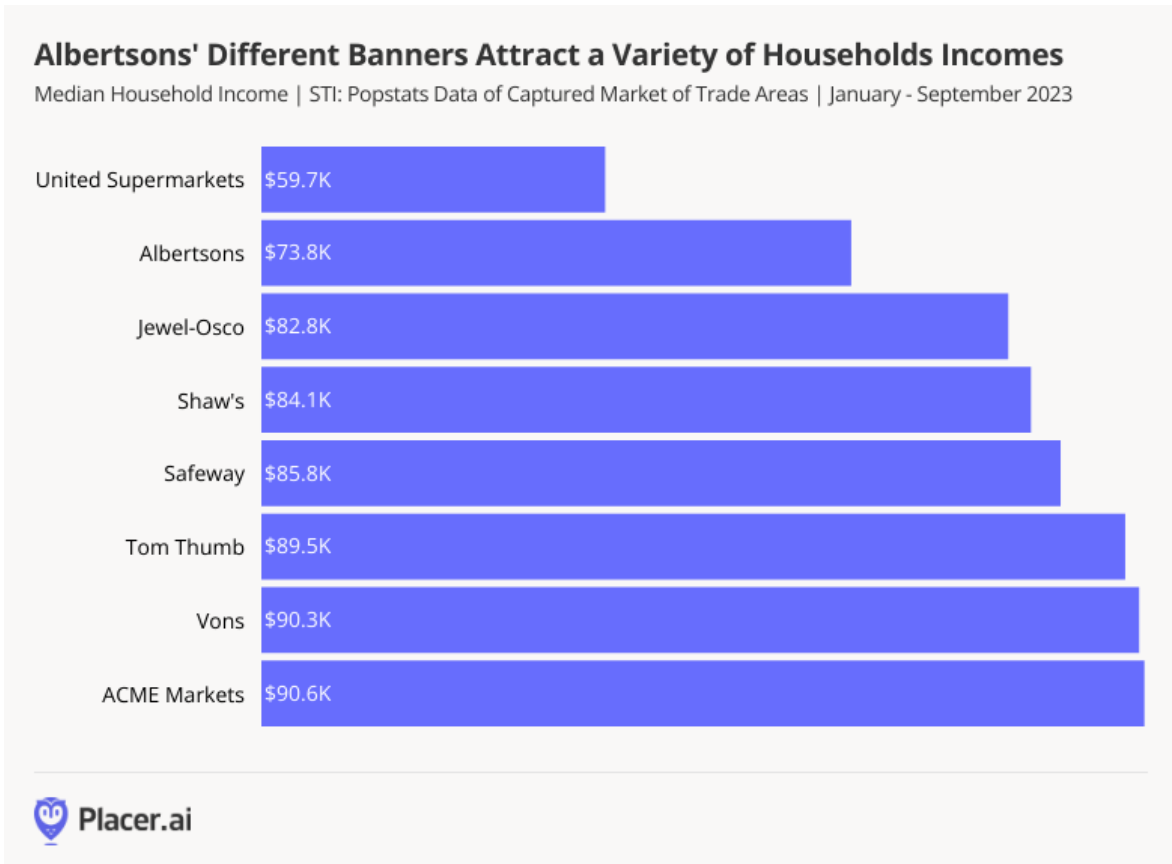
The various Albertsons Companies Inc. banners are distributed throughout the United States. Vons mostly operates in Southern California, Safeway on the West Coast, Jewel-Osco in the Chicago area, ACME Markets in the mid-Atlantic region, United Supermarkets in Texas, Shaws in the Northeast, Tom Thumb in the Southeast, and Albertsons throughout the Western half of the country.

## Income Diversity Among Albertsons' Various Banners

In addition to their geographic breadth, the different Albertsons Companies banners exhibit a wide range of median household income (HHI) among their visitor bases. ACME Markets – headquartered in Pennsylvania – attracts the highest-income audience, with a median HHI of \$90.6K in its captured market trade area, followed by Vons (\$90.3K) and Tom Thumb (\$89.5K). United Supermarkets – headquartered in



Texas – lies at the other end of the spectrum, with a median HHI of \$59.7K in its captured market trade area.



Some of the income diversity within the Albertsons Companies' visitor base may be attributed to the geography. But diving deeper into the visitor base of the company's largest brands on a state-by-state basis reveals a more complex picture.

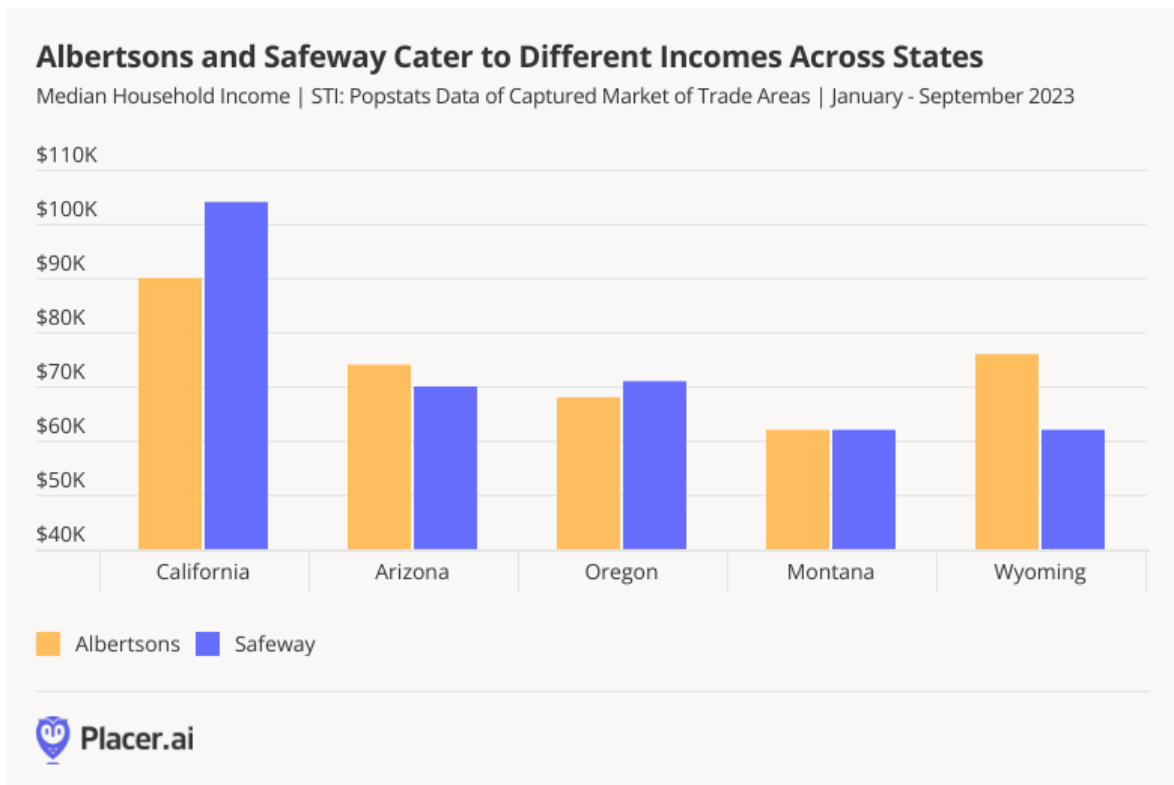
### State-by-State Differences in Grocery Audience

As the chart above reveals, Safeway tends to attract more visitors from higher-income areas than Albertsons on a nationwide level. And while this trend holds true in California, Oregon, and Wyoming, the reverse pattern emerges in Arizona and Wyoming, where the Albertsons banner attracts visitors from higher-income neighborhoods. The difference between the nationwide and state-level trends



suggests that analyzing grocery markets on a state level can provide higher-resolution insights into the local iteration of each brand.

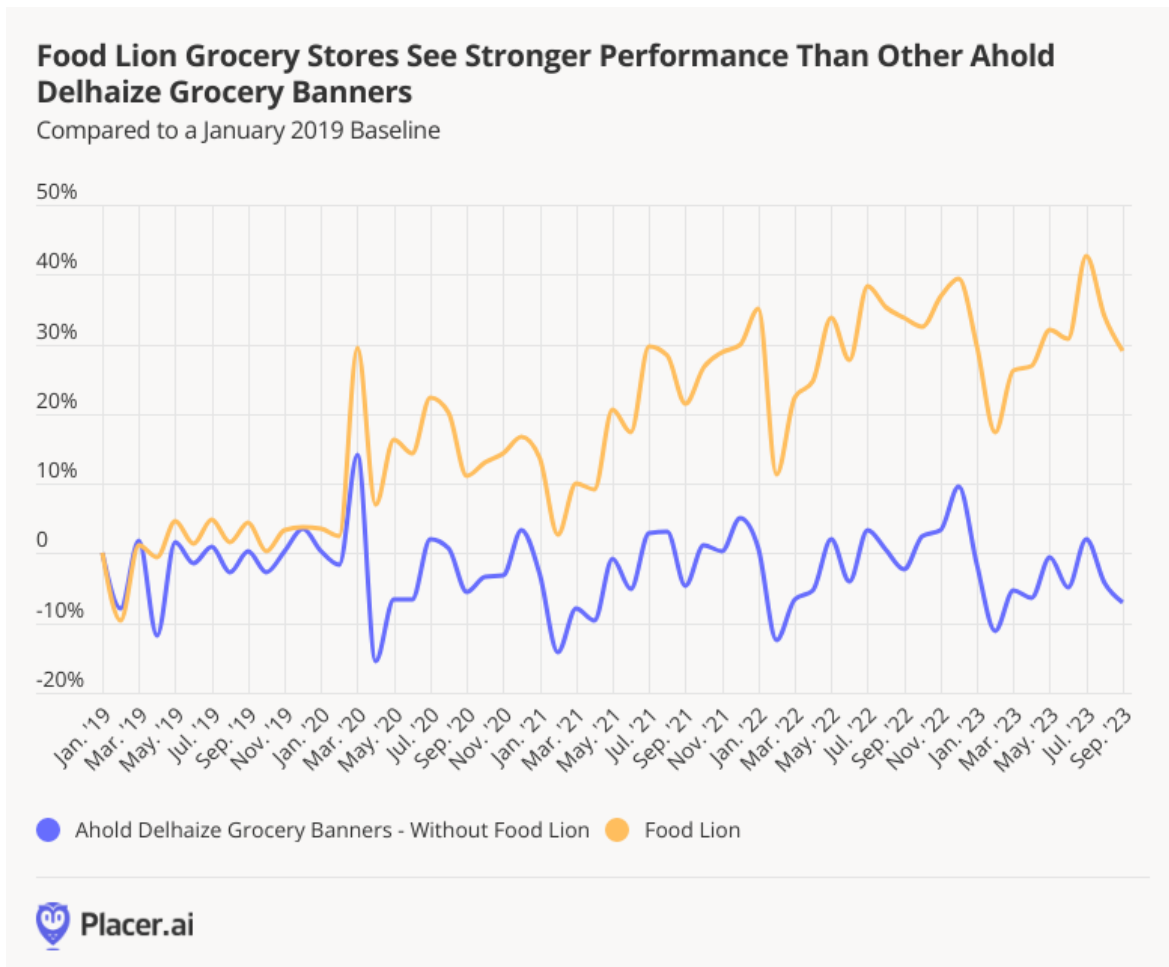
The variety in income levels between the audiences of the same brands in different states also highlights the benefits that a diversity of banners brings to both holding companies and consumers. By operating two different brands in the same markets that cater to different income levels, Albertsons Companies attracts a wider range of shoppers while offering locals greater grocery choice.



## Ahold Delhaize: Investing in Rural Communities

The United States grocery scene is also home to international brands like Netherland-based Ahold Delhaize, one of the [world's largest](#) food retail groups. The chain's U.S. arm operates several digital grocery stores alongside [five](#) brick-and-mortar grocery banners clustered in the [Mid-Atlantic](#) and East Coast regions.

Foot traffic to its largest offline grocery brand, [Food Lion](#), jumped dramatically during the COVID-19 pandemic [grocery surge](#) and has since continued on an upward trajectory. So what is keeping the brand ahead of Ahold Delhaize's other grocery banners?

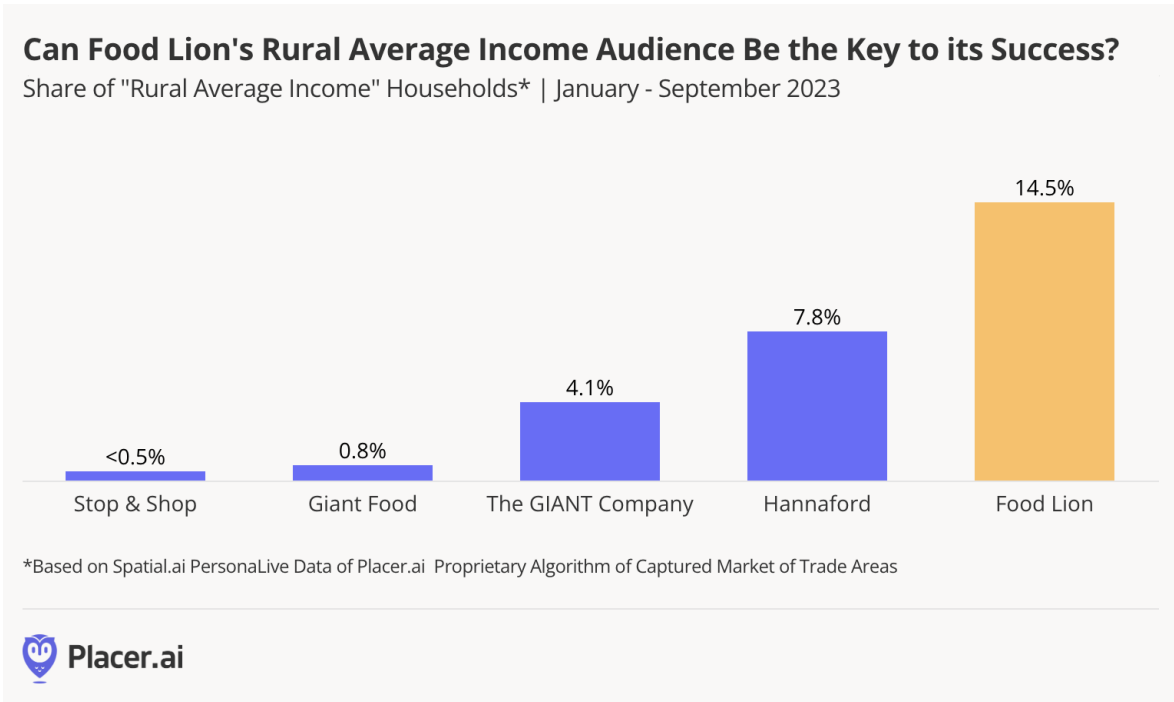


## Rural Shoppers Boosting Grocery Visits

Diving into the psychographic data for Ahold Delhaize banners reveals that Food Lion attracts a significantly higher share of average-income rural shoppers than the company's other brands – which may be a major driver of the chain's success.

Analyzing the captured market trade area of Ahold Delhaize’s five grocery banners using the [Spatial.ai PersonaLive dataset](#) shows that 14.5% of Food Lion’s captured market trade area consists of “Rural Average Income Households.” Food Lion seems to serve almost twice as many average income rural households as Hannaford, and more than three times as many as The GIANT Company.

With the uptick in people who moved to [rural areas](#) during the pandemic, Food Lion’s popularity among that demographic may help explain why the brand is maintaining its pandemic visit gains, even as the rest of the grocery sector [slows down](#).



## The Diversity of Grocery Banners

Grocery holding companies succeed in reaching a wide array of shoppers through their multiple grocery chains. A single holding company may own a range of chains located in different areas, or it may operate a variety of chains located in the same geographic region that service different audiences. Another corporation may operate an assortment of formats that provide consumers with a wide array of grocery choices. So while several large grocery companies may own a large number of the

United States' leading grocery chains, diving into the audiences and visit trends for the individual banners highlights the diversity of offerings across the individual banners.

## Key Takeaways

- 1. The grocery industry in the United States is highly diverse.** No single grocery holding company controls the U.S. grocery market. Instead, the space is divided between independently-owned national chains, local grocery brands, and holding companies operating a variety of regional banners.
- 2. Different store formats can serve different functions.** The Kroger Co. operates four grocery formats within its grocery ecosystem. Each format serves a unique function, caters to different grocery needs, and attracts a unique demographic segment. The Kroger Co.'s banner diversity also allows the company to reach a variety of audiences through its in-store [retail media network](#).
- 3. Families with children may be particularly sensitive to grocery pricing.** The Kroger Co.'s two price-impact warehouse store banners are seeing significant visit growth, perhaps thanks to the outsize share of households with children among their shoppers.
- 4. Different banners may attract different audiences - even in the same geographic locations.** A variety of shoppers visit the Albertsons Companies' grocery brands, with different banners in the same state attracting audiences of different income levels.
- 5. Grocery chains serving rural shoppers may be well-positioned for future growth.** Ahold Delhaize's fastest growing grocery brand, Food Lion, also caters to the largest share of average-rural shoppers - which may be one of the factors driving its success as more families continue seeking affordable housing in lower-density areas.