

# Unlocking Potential in Underserved Grocery Markets

Dive into the location analytics to uncover potential growth markets in regions with limited grocery chain availability.

- 1. Grocery chains – and visits – are unevenly distributed across the U.S.** In some states, grocery chain locations accounted for more than half of visits to food retail chains in early 2024, while in others, discount & dollar stores or superstores dominated the scene.
- 2. Low grocery visit share doesn't necessarily indicate a lack of demand.** Some states where residents were more likely to shop at superstores or discount & dollar stores than at grocery chains saw higher-than-average YoY visit growth to grocery stores.
- 3. Underserved grocery markets in Central Alabama may be ripe for development.** Area consumers often need to drive long distances to get to the nearest grocery chain location. But locations in some areas are enjoying strong visit growth and minimal trade area overlap – highlighting robust demand and little competition.
- 4. Population and grocery chain visit growth in Greenville County, SC point to an expansion opportunity.** The county, which saw its population increase by 4.8% over the past four years, is seeking to attract new grocery stores to the region. Location analytics can help civic leaders and grocery operators pinpoint areas of growing demand and understand local food shopping preferences.



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***Note: This report is based on an analysis of visitation patterns for regional and nationwide grocery chains – and does not include single-location stores.***

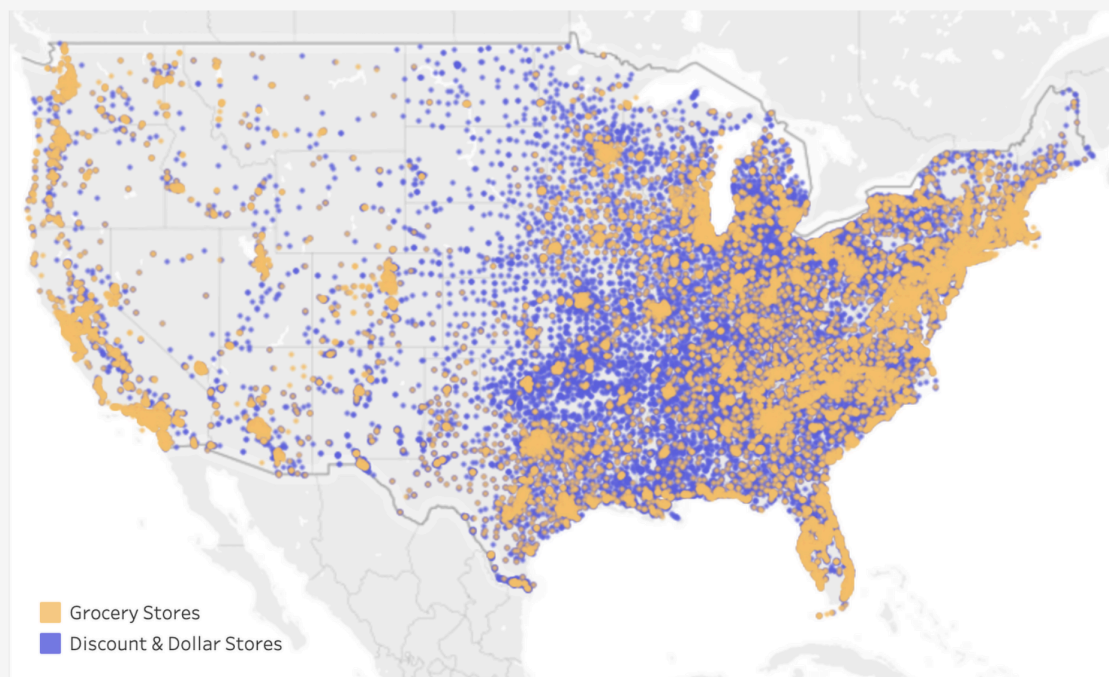
## Understanding Grocery Store Chain Distribution

Grocery stores, superstores, and dollar stores all carry food products – and American consumers buy groceries at all three. But even in today's crowded food retail environment, traditional grocery chains have a special role to play. With their primary focus on stocking a wide variety of fresh foods, these chains serve a critical function in offering consumers access to healthy options.

But visualizing the footprints of major grocery chains across the continental U.S. – alongside those of discount & dollar stores – shows that the geographical distribution of grocery chains remains uneven.

### Major Grocery and Discount & Dollar Store Locations Nationwide in 2024

Layered Representation of Grocery Store (I) and Discount and Dollar Store (II) Locations Nationwide\*



\*Locations of Major Grocery and Discount & Dollar Store Chains Operating Nationwide

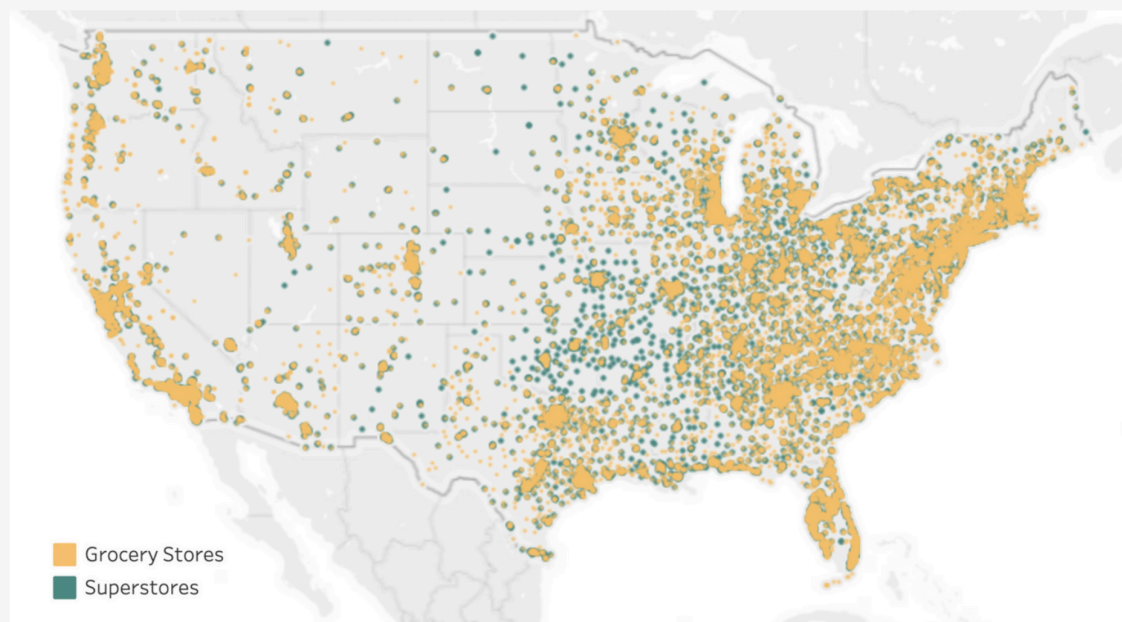


In some areas, including parts of the Northeast, Midwest, South Atlantic, and Pacific regions, grocery chains are plentiful. But in others – some with population centers large enough to feature a robust dollar store presence – they remain in short supply.

And though many superstore locations also provide a full array of grocery offerings, they, too, are often sparsely represented in areas with low concentrations of grocery chains.

### Major Grocery and Superstore Locations Nationwide in 2024

Layered Representation of Grocery Store (I) and Superstore (II) Locations Nationwide\*



\*Locations of Major Grocery and Superstore Chains Operating Nationwide



For grocery chain operators seeking to expand, these underserved grocery markets can present a significant opportunity. And for civic stakeholders looking to broaden access to healthy food across communities, these areas highlight a policy challenge.



For both groups, identifying underserved markets with significant untapped demand can be a critical first step in deciding where to focus grocery development initiatives.

This white paper dives into the location analytics to examine grocery store availability across the United States – and harnesses these insights to explore potential demand in some underserved markets. The report focuses on locations belonging to regional or nationwide grocery chains, rather than single-location stores.

## Untapped Grocery Markets

Last year, grocery chains [accounted](#) for 43.4% of nationwide visits to food retailers – including grocery chains, superstores, and discount & dollar stores. But drilling down into the data for different areas of the country reveals striking regional variation – offering a glimpse into the variability of grocery store access throughout the U.S. In some states, grocery stores attract the majority of visit share to food retailers, while in others, dollar stores or superstores dominate the scene.

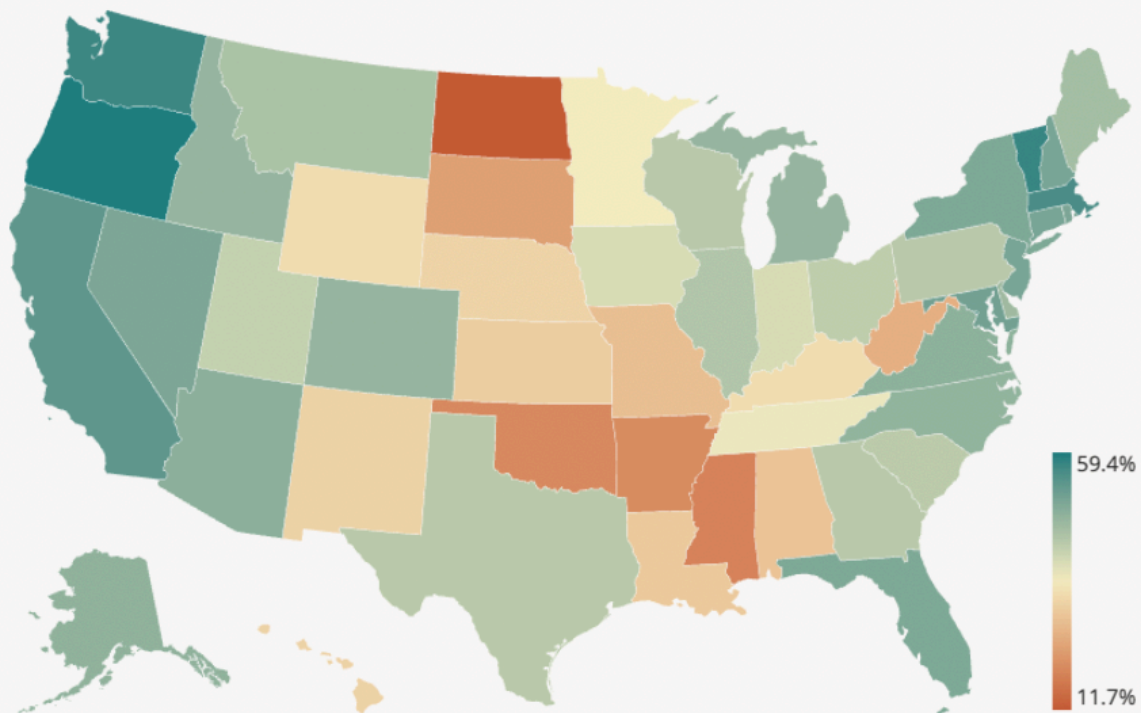
The ten states where residents were most likely to visit grocery chains in early 2024 – Oregon, Vermont, Washington, Massachusetts, California, Maryland, New Hampshire, Connecticut, New Jersey, and Rhode Island – were all on the East or West Coasts. In these states, as well as in Nevada and New York, grocery chain visits accounted for 50.0% or more of food retail visits between January and April 2024.

Meanwhile, residents of many West North Central and South Central states were much less likely to do their food shopping at grocery chains. In North Dakota, for example, grocery chain visits accounted for just 11.7% of visits to food retailers over the analyzed period. And in Mississippi, Oklahoma, and Arkansas, too, grocery stores drew less than 20.0% of the overall food retail foot traffic.



## Share of Visits to Grocery Chains as a Share of Visits to Potential Food Retailers

Grocery Visits as a Share of Total Visits to Superstore, Grocery, and Discount & Dollar Store Chains\*  
Based on January - April 2024 Visits



\*Considering Visits to Major Chains Operating Nationwide in the 3 Food Retail Categories



### YoY Visit Growth Data Highlights Strong Grocery Demand In Some States

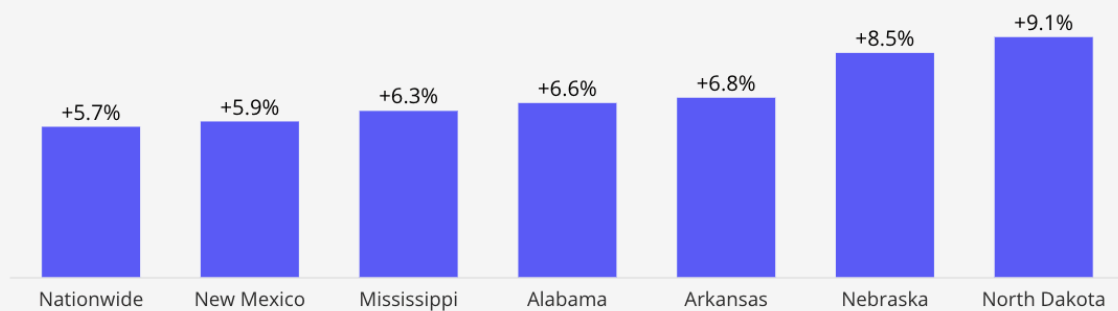
But low grocery store visit share does not necessarily indicate a lack of consumer interest or ability to support such stores. And in some of these underserved regions, existing grocery chains are seeing outside visit growth – indicating growing demand for their offerings.



North Dakota, the state with the smallest share of visits going to grocery chains in early 2024, experienced a 9.1% year-over-year (YoY) increase in grocery visits during the same period – nearly double the nationwide baseline of 5.7%. Other states with low grocery visit share, including Nebraska, Arkansas, Alabama, Mississippi, and New Mexico, also experienced higher-than-average YoY grocery chain visit growth. This suggests significant untapped potential for grocery stores and a market that is hungry for more.

### Many States With Low Grocery Visit Share Show Higher-Than-Average YoY Visit Growth to Grocery Chains

January - April 2024 | Year-over-Year Comparison in Statewide Grocery Chain Visits



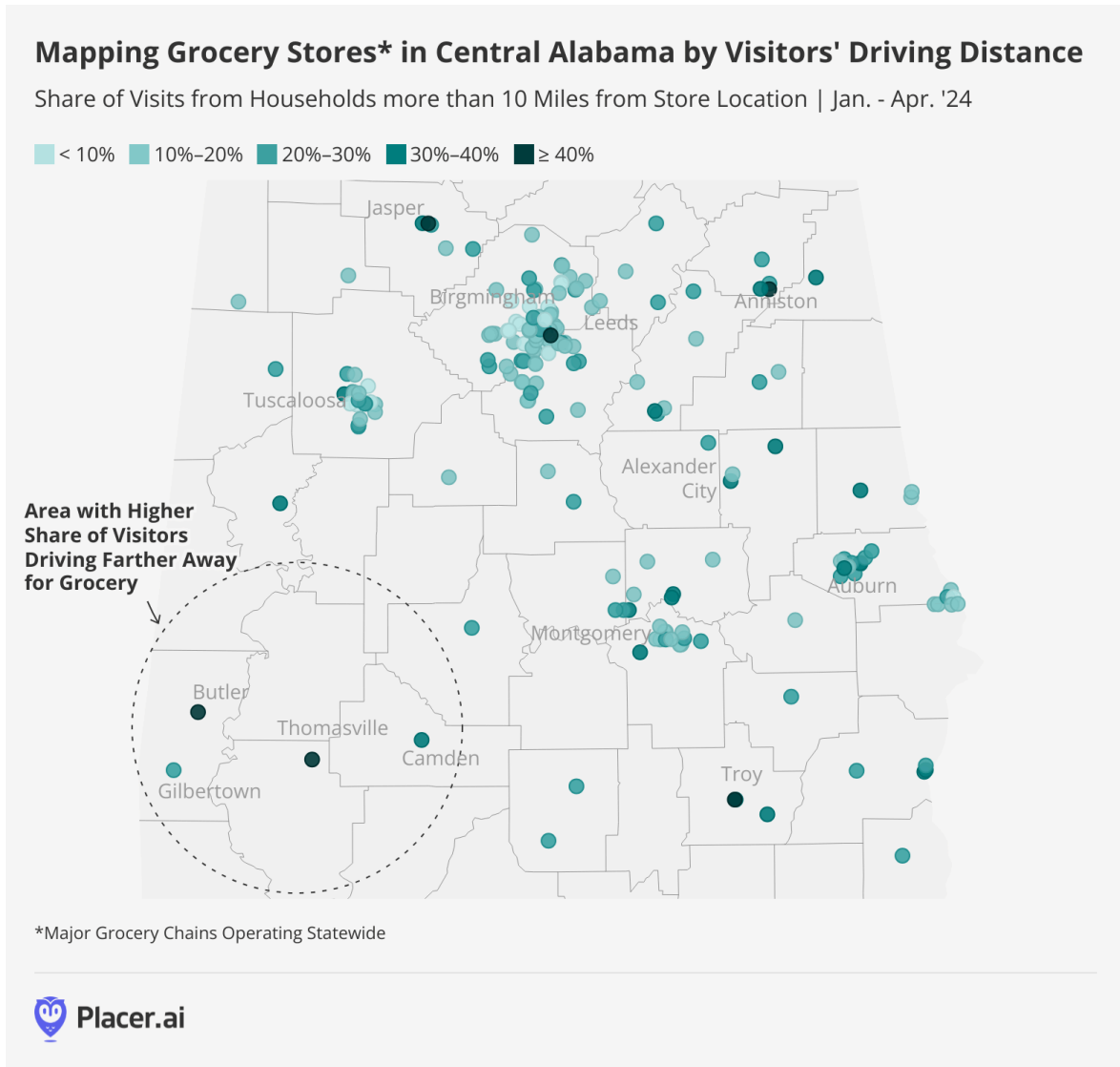
## Alabama Bound: Identifying Grocery Markets With Increasing Demand

Alabama is one state where grocery chains accounted for a relatively small share of overall food retail foot traffic in early 2024 (just 28.9%) – but where YoY visit growth outperformed the nationwide average. And digging down even further into local grocery store visitation trends provides further evidence that at least in some places,



low grocery visit share may be due to inadequate supply, rather than insufficient demand.

In Central Alabama, for example, many residents drive at least 10 miles to reach a local grocery chain. And several parts of the state, both rural and urban, feature clusters of grocery stores that draw customers from relatively far away.



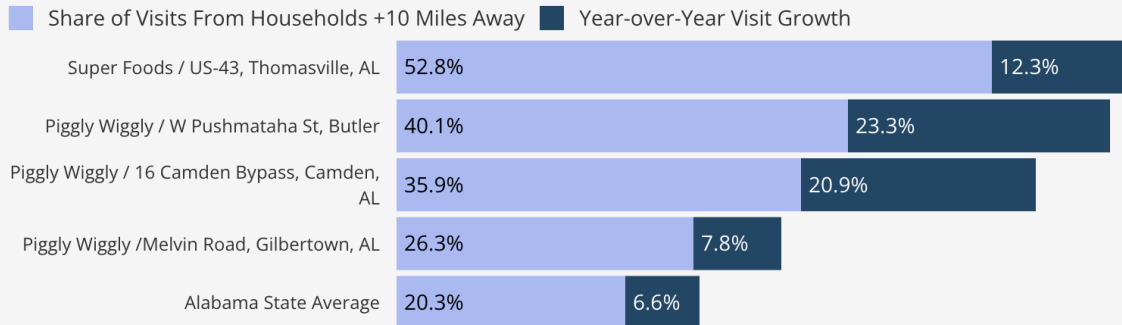


But zooming in on YoY visitation data for local grocery chain locations shows that at least some of these areas likely harbor untapped demand. Take for example the Camden, Butler, Thomasville, and Gilbertown areas (circled in the map above). The Piggly Wiggly location in Butler, AL, drew 40.1% of visits from 10 or more miles away. The same store experienced a 23.3% YoY increase in visits in early 2024 – far above the statewide baseline of 6.6%. Meanwhile, the Super Foods location in Thomasville, AL, which drew 52.8% of visits from at least 10 miles away – experienced YoY visit growth of 12.3%. The Piggly Wiggly locations in Camden, AL and Gilbertown, AL saw similar trends.

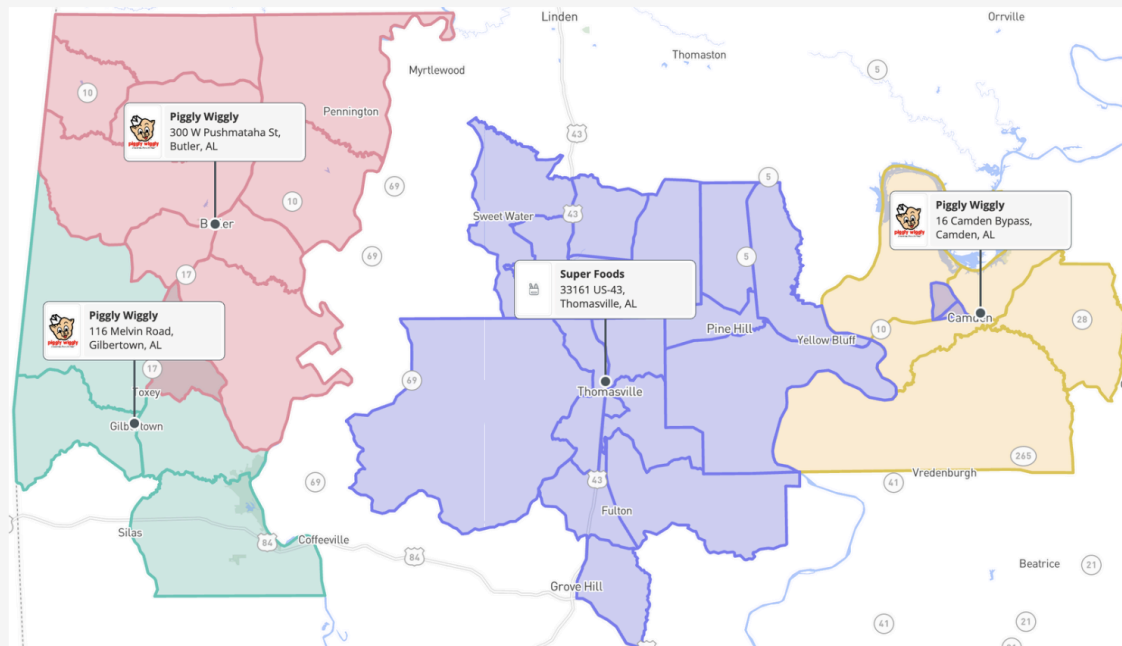
At the same time, [trade area analysis](#) of the four locations reveals that the grocery stores had little to no trade area overlap during the analyzed period. Each store served specific areas, with minimal cannibalization among customer bases.

## Rising Grocery Visits in Rural Alabama Suggest Opportunity for Expansion

Based on January - April 2024 Visits to Piggly Wiggly Locations in Southwestern Alabama



True Trade Area by Census Block Group | Based on January - April 2024



These metrics appear to highlight robust demand for grocery stores in the region – grocery visits are growing at a stronger rate than those in the overall state, people are



willing to make the drive to these stores, and each one has little to no competition from the others.

## **Increasing Access to Fresh Food in Greenville County, SC**

While significant opportunity exists across the country, many communities still face considerable challenges in supporting large grocery stores. Though South Carolina has a significant number of grocery chain locations, for example, certain areas within the state have low access to food shopping opportunities. And one local government – Greenville County – is considering offering [tax breaks](#) to grocery stores that set up shop in the area, to improve local fresh food accessibility.

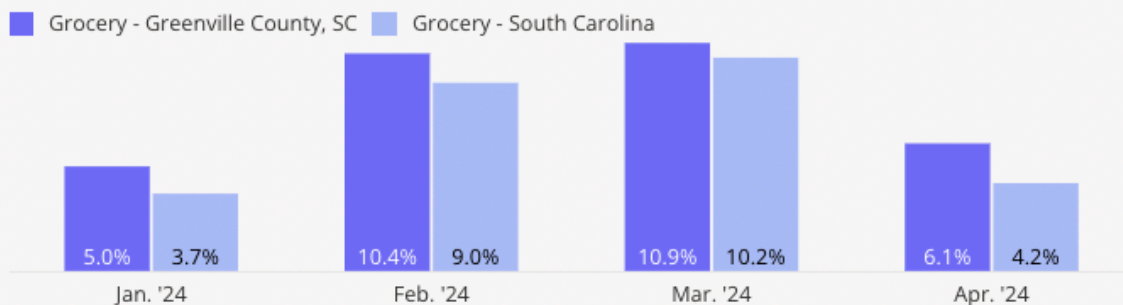
### **Assessing Local Demand – And Preferences**

Placer.ai [migration](#) and visitation data shows that Greenville County is ripe for such initiatives: the county's population grew by 4.8% over the past four years – with much of that increase a result of positive net migration. And YoY visits to Greenville County Grocery Stores have consistently outperformed state averages: In April 2024, grocery visits in the county grew by 6.1% YoY, while overall visits to grocery stores in South Carolina grew by 4.2%. This growth – both in terms of grocery visits and population – points to rising demand for grocery stores in Greenville County.

Analyzing the Greenville County grocery store trade areas with [Spatial.ai's FollowGraph](#) dataset – which looks at the social media activity of a given audience – offers further insight into local grocery shoppers' particular demand and preferences.

Consumers in Greenville-area grocery store trade areas, for example, are more likely to be interested in “Mid-Range Grocery Stores” (including brands like Aldi, Kroger, and Lidl) than residents of grocery store trade areas in the state as a whole. This metric provides further evidence of local demand for grocery chains – and offers a glimpse into the kinds of specific grocery offerings likely to succeed in the area.

## Greenville County, SC Sees Growing Appetite for Grocery Stores With Strong Year-Over-Year Performance and a Preference for Mid-Range Grocers



### Mid-Range Grocery Enthusiasts\*



\*Segment compared to nationwide benchmark and based on Spatial.ai: FollowGraph Interests Data Combined with Placer.ai Potential Trade Area Data



## Final Thoughts

Grocery stores remain essential services for many consumers, providing a place to pick up fresh produce, meat, and other healthy food options. And many areas in the country are ripe for expansion, with eager customer bases and growing demand. Identifying such areas with location analytics can help both grocery store operators and municipal stakeholders provide their communities and customer bases with an enhanced grocery shopping experience that caters to local preferences.