

|| US INDUSTRY (NAICS) REPORT 44511

Supermarkets & Grocery Stores in the US

In the bag: Rising discretionary income is expected to support revenue growth

Cecilia Fernandez | November 2020

Contents

About This Industry	5	Competitive Landscape	26
Industry Definition.....	5	Market Share Concentration.....	26
Major Players.....	5	Key Success Factors.....	26
Main Activities.....	5	Cost Structure Benchmarks.....	27
Supply Chain.....	6	Basis of Competition.....	31
Similar Industries.....	6	Barriers to Entry.....	32
Related International Industries.....	6	Industry Globalization.....	33
Industry at a Glance	7	Major Companies	34
Executive Summary.....	9	Major Players.....	34
Industry Performance	10	Other Players.....	38
Key External Drivers.....	10	Operating Conditions	40
Current Performance.....	11	Capital Intensity.....	40
Industry Outlook	15	Technology And Systems.....	41
Outlook.....	15	Revenue Volatility.....	43
Performance Outlook Data.....	17	Regulation & Policy.....	44
Industry Life Cycle.....	17	Industry Assistance.....	46
Products and Markets	19	Key Statistics	47
Supply Chain.....	19	Industry Data.....	47
Products and Services.....	19	Annual Change.....	47
Demand Determinants.....	21	Key Ratios.....	47
Major Markets.....	22	Industry Financial Ratios.....	48
International Trade.....	23	Additional Resources	49
Business Locations.....	24	Additional Resources.....	49
		Industry Jargon.....	49
		Glossary Terms.....	49

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

Covid-19

Coronavirus Impact Update

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

- The Supermarkets and Grocery Stores industry revenue is anticipated to grow sluggishly in 2020 as consumers visit industry establishments less frequently to prevent the spread of COVID-19 (coronavirus).
- Since consumer spending is anticipated to decrease and the national unemployment rate has spiked in 2020, demand for premium, high-quality products is estimated to decline, harming profit.
- The industry is not anticipated to be largely affected as industry establishments remain open during the course of the pandemic, since industry operators are considered essential businesses.

Note: The content in this report is currently being updated to reflect the trends outlined above.

About This Industry

Industry Definition

The Supermarkets and Grocery Stores industry accounts for the largest food retail channel in the United States. Operators in this industry retail general lines of food products, including fresh and prepared meats, poultry and seafood, canned and frozen foods, fresh fruits and vegetables and various dairy products. Delicatessens primarily retailing food are also included.

Major Players

The Kroger Company

Albertsons Companies Inc.

Publix Super Markets Inc.

Main Activities

The primary activities of this industry:

Retailing a general line of food

Retailing health and beauty products

The major products and services in this industry:

Fruit and vegetables

Fresh and frozen meat

Dairy products

Beverages

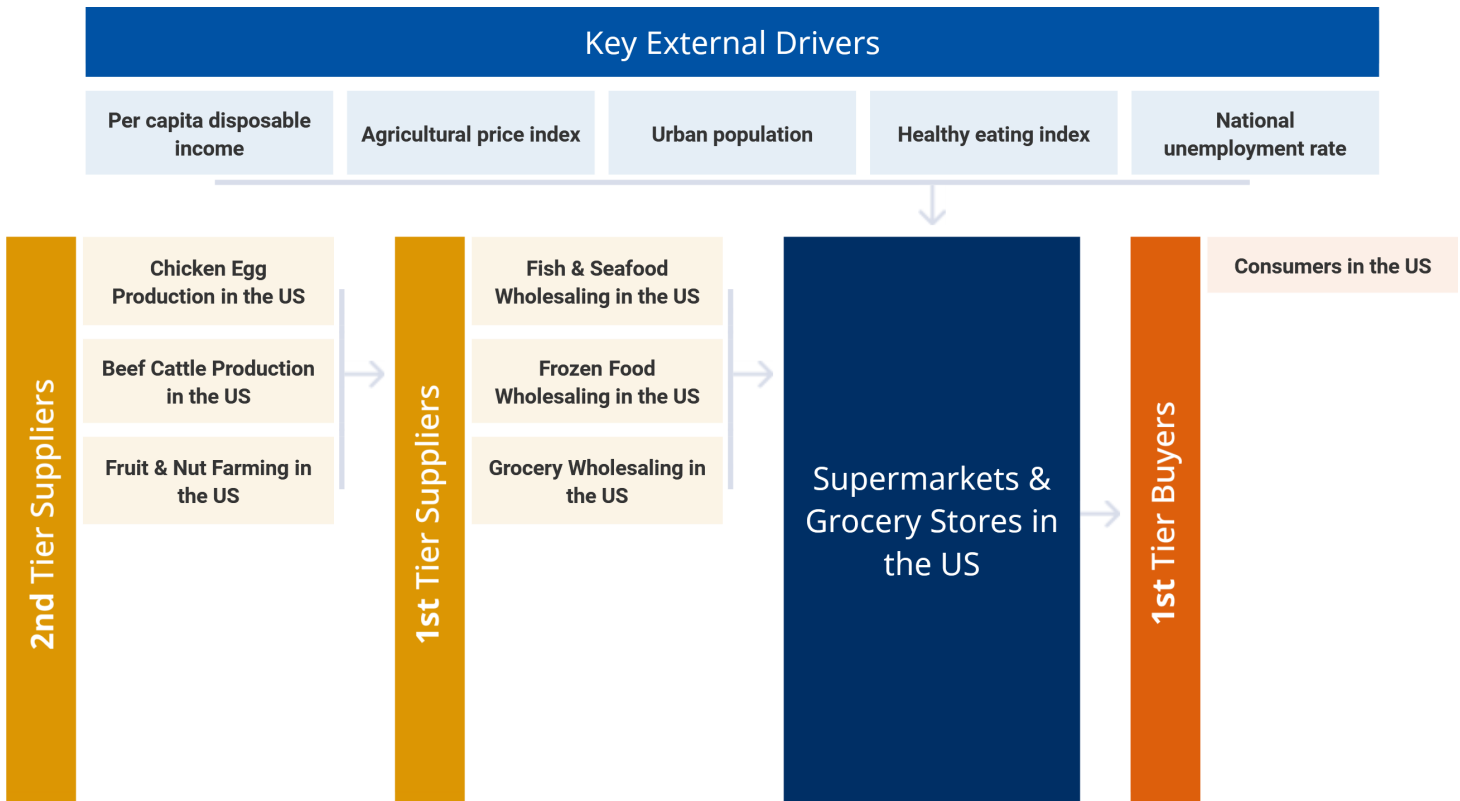
Frozen foods

Other foods

Other nonfood items

Drugs and health products

Supply Chain



SIMILAR INDUSTRIES

<p>Convenience Stores in the US</p> <p> Competitor</p>	<p>Pharmacies & Drug Stores in the US</p> <p> Complementor</p>	<p>Gas Stations with Convenience Stores in the US</p> <p> Complementor</p>	<p>Warehouse Clubs & Supercenters in the US</p> <p> Competitor</p>
<p>Direct Selling Companies in the US</p> <p> Competitor</p>			

RELATED INTERNATIONAL INDUSTRIES

Supermarkets and Grocery Stores in Australia	Supermarkets in China	Supermarkets in the UK	Supermarkets & Grocery Stores in Canada
Supermarkets, Grocery Stores and Convenience Stores in New Zealand	Supermarkets in Ireland		

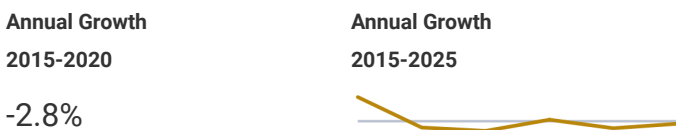
Industry at a Glance

Key Statistics

\$656.0bn
Revenue



\$10.5bn
Profit



1.6%
Profit Margin



40,544
Businesses



3m
Employment

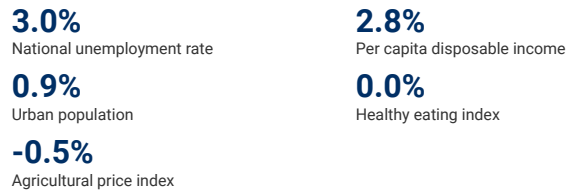


\$68.3bn
Wages



Key External Drivers

% = 2015-2020 Annual Growth



Industry Structure

POSITIVE IMPACT

Revenue Volatility Low	Capital Intensity Low
Concentration Low	Globalization Low

MIXED IMPACT

Life Cycle Mature	Regulation Medium
Technology Change Medium	Barriers to Entry Medium

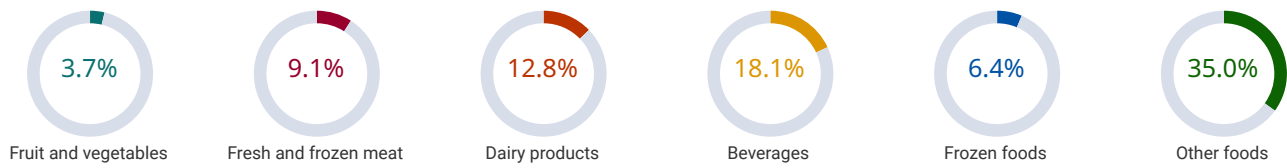
NEGATIVE IMPACT

Industry Assistance Low	Competition High
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Key Trends

- Limited assortment stores that primarily sell private label merchandise have been able to keep prices low without hurting profit
- Operators have experienced a steady level of demand over the past five years
- Operators have benefited from rising discretionary income and various consumer trends
- Shifting demographics are anticipated to significantly influence the industry
- Many supermarket operators shifted to omnichannel offerings to stay competitive
- Industry profit will likely be stifled by costs associated with merger and acquisition activity
- industry operators have experienced intensifying competition from alternative retailers

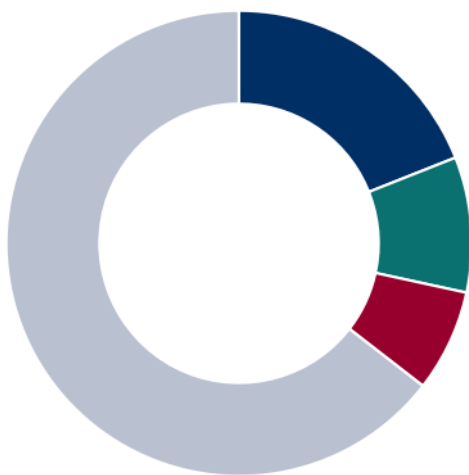
Products & Services Segmentation



Supermarkets & Grocery Stores
Source: IBISWorld

Major Players

% = share of industry revenue



- 19.0% The Kroger Company
- 9.4% Albertsons
- 7.1% Publix Super Markets Inc.
- 64.5% Other

Supermarkets & Grocery Stores
Source: IBISWorld

SWOT

S STRENGTHS

- Low Volatility
- Low Imports
- Low Product/Service Concentration
- Low Capital Requirements

W WEAKNESSES

- Low & Steady Level of Assistance
- High Competition
- Low Profit vs. Sector Average
- High Customer Class Concentration
- Low Revenue per Employee

O OPPORTUNITIES

- High Revenue Growth (2020-2025)
- High Performance Drivers
- National unemployment rate

T THREATS

- Low Revenue Growth (2005-2020)
- Low Revenue Growth (2015-2020)
- Low Outlier Growth
- Per capita disposable income

Executive Summary

Revenue for the Supermarkets and Grocery Stores industry has grown over the five years to 2020, benefiting from a strengthening economy for most of the period.

As per capita disposable income has increased, many consumers have shifted to premium, organic and all-natural brands, helping lift industry revenue. Conversely, inflationary food costs have caused many consumers to continue purchasing private label brands over the past five years. While a shift toward more generic goods curbs revenue growth, it helps operators maintain profit, as store brands are less costly to produce than national brands. Overall, industry revenue is expected to grow an annualized 0.6% to \$656.0 billion over the five years to 2020, including a modest increase of 0.5% in 2020 alone due to the economic slowdown and complications caused by the COVID-19 (coronavirus) pandemic.

Despite revenue growth during the period, industry operators have experienced intensifying competition from alternative retailers. Consumers turned toward warehouse clubs and supercenters due to the cost savings and convenience of those retailers. Mass merchandisers are able to offer lower prices due to their scale of operations. Consumers have also shifted toward limited assortment and fresh format stores that provide a simpler layout and primarily sell less costly store-brand products. Due to increased competition from a variety of retailers, many large national grocery chains have offered big discounts and promotions to drive foot traffic to their stores and strengthen consumer loyalty. Large operators have also engaged in a variety of mergers and acquisitions, as the saturated market has prevented organic growth. Due to high consolidation costs and intense price competition, industry profit has decreased slightly during the period.

Over the five years to 2025, industry revenue is anticipated to grow steadily, resulting from rising discretionary income and consumer preferences as the domestic economy recovers from the pandemic. As health concerns intensify, more consumers will likely seek all-natural and organic products. Operators are also anticipated to benefit from steadier commodity markets that will likely cause input costs to rise much more conservatively. Consequently, industry revenue is forecast to rise at an annualized rate of 0.6% to \$675.1 billion over the five years to 2025. Profit is expected to remain stable over the next five years.

Industry Performance

Key External Drivers 2012–2025



Supermarkets & Grocery Stores
Source: IBISWorld

Key External Drivers

Per capita disposable income

Per capita disposable income determines an individual's ability to purchase discretionary goods and services. When disposable income declines, consumers limit purchases to essential items and more affordable brands, curbing industry revenue growth. Per capita disposable income is expected to increase in 2020.

Agricultural price index

The agricultural price index measures the prices received by farmers for all agricultural products, including livestock and crops. As prices increase, industry operators often raise the price of their merchandise sold to consumers, boosting industry revenue. In 2020, the agricultural price index is expected to increase, representing a potential opportunity for the industry.

Urban population

Consumers living in urban populations tend to purchase groceries more frequently from industry operators instead of wholesale clubs and supercenters. Consequently, as more consumers live in urban areas, foot traffic to supermarkets and grocery stores increases, lifting industry revenue. In 2020, the urban population is anticipated to grow.

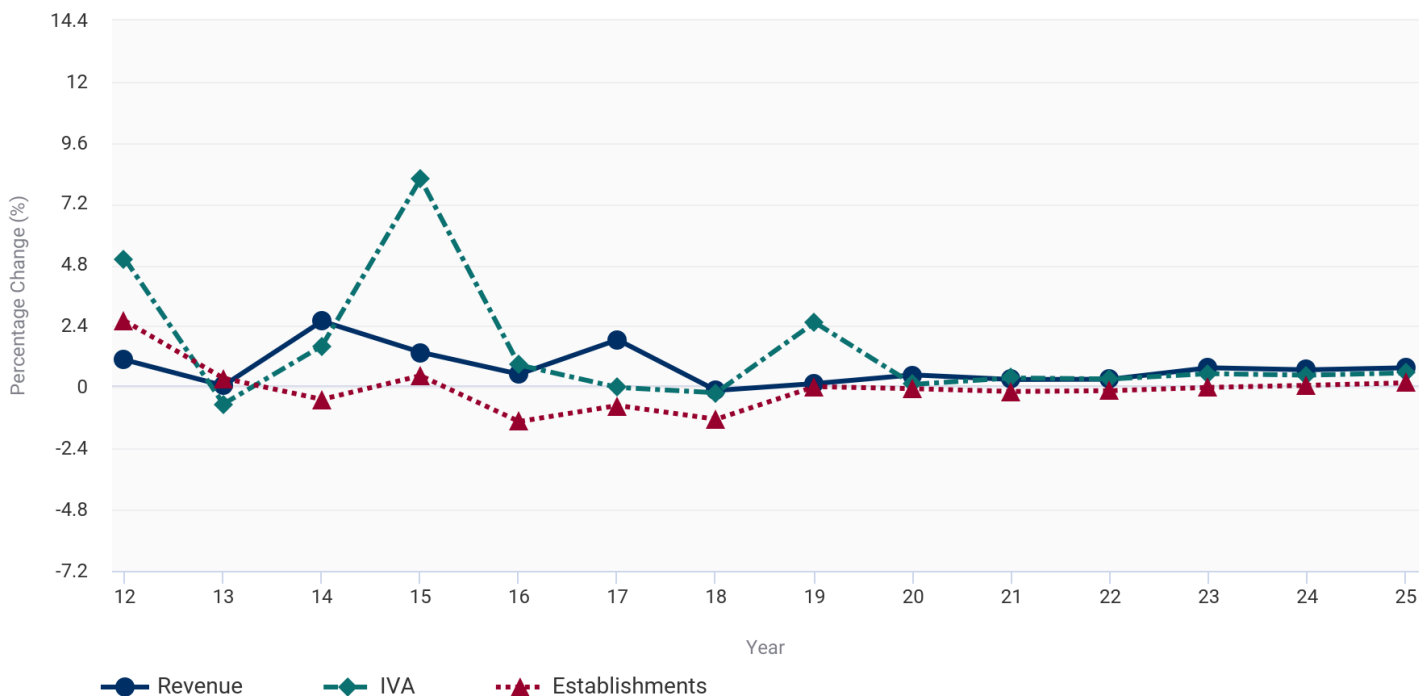
Healthy eating index

As consumers become more health-conscious, measured by the healthy eating index, they tend to purchase a greater variety of all-natural and organic products. Consequently, as consumers demand a greater variety of premium products, such as organic produce, industry revenue increases. In 2020, the healthy eating index is expected to increase.

National unemployment rate

The unemployment rate measures the proportion of Americans aged 16 and older who are currently unemployed and seeking work. When the national unemployment rate increases, consumers are not able to spend as much on industry establishments or afford premium, organic products. If consumers cut down on spending, industry revenue will decline. In 2020, the national unemployment rate is anticipated to increase, posing a potential threat to the industry.

Industry Performance 2012-2025



Supermarkets & Grocery Stores
Source: IBISWorld

Current Performance

The Supermarkets and Grocery Stores industry retails a variety of household goods and edible grocery products, including fresh and prepared meals, poultry and seafood, canned and frozen foods and fruits and vegetables.

Over the five years to 2020, industry participants have benefited from a strengthening domestic economy and rising disposable income levels, which have enabled consumers to purchase more premium goods. The industry has also benefited from growing demand for all-natural and organic products over the past five years. Despite various economic factors that have supported industry revenue growth, rising competition and changing consumer preferences have posed a threat to many operators, forcing them to generate revenue in new ways. Overall, IBISWorld anticipates industry revenue to increase an annualized 0.6% to \$656.0 billion over the five years to 2020, including an increase of 0.5% in 2020 alone.

Effect of COVID-19

Revenue is expected to increase modestly in 2020 as a result of the effects of the COVID-19 (coronavirus) pandemic.

Even though industry establishments have remained opened since they are considered essential businesses, consumers have been turning to grocery delivery services and online retailers to buy industry products. Furthermore, as consumer spending is anticipated to decrease in 2020 alone, consumers will likely only buy what they need and will likely not turn to premium, expensive products. Furthermore, consumers have been visiting industry establishments less frequently and taking the necessary precautions to prevent the spread of the virus. Due to global disruptions in the supply chains, industry operators have also experienced delays and inventory management hardships. Still, as operators are essential, they have been able to keep their doors open while complying with social distancing guidelines and taking the necessary health and safety precautions.

Growth from nontraditional store formats

As with many large retail industries, establishments in the Supermarkets and Grocery Stores industry come in a multitude of shapes, sizes, formats and specialties.

Industry operators range from large-scale conglomerates with thousands of locations to small specialty stores with a single storefront. Due to the diverse nature of store types, certain types of businesses have grown faster than others. Over the past five years, limited assortment stores, such as ALDI Inc., have experienced rapid growth. These stores are often located in populous areas and are much more compact and efficient than traditional grocery stores. Rather than offering dozens of brands of the same product, these stores provide a more selective offering. Unlike their larger counterparts, limited assortment stores primarily sell private label products, which are both less expensive for consumers and more profitable for industry operators. Trader Joe's, the leading supermarket in sales per square foot, sells an estimated 80.0% private label goods, all of which are free of GMOs, artificial coloring, trans fat and high-fructose corn syrup. While private label brands are traditionally perceived as inferior, stores such as Trader Joe's have positioned their store brands as premium products without charging premium prices. These limited assortment stores are particularly popular among millennials that are typically more price-sensitive and are less brand-driven shoppers.

Per capita disposable income has risen an annualized 2.8% over the five years to 2020. Improving discretionary income has enabled consumers to purchase a wider variety of premium grocery items, specifically organic products. Growing health and environmental concerns have also driven consumers to purchase more all-natural and organic food. According to 2018 research conducted by the Organic Trade Association, over 82.0% of households purchase organic products, and nearly 14.0% of all fruits and vegetables purchased are organic (latest data available). Consequently, industry participants have benefited from the sale of organic goods, which are sourced at similar prices as nonorganic foods and then priced at a premium. As a result, fresh format stores, such as Whole Foods Market Inc. and Fresh Market, have expanded due to strong demand for their premium organic products.

Competitive environment

Due to the nondiscretionary nature of industry products, operators have experienced a steady level of demand.

However, alternative retail stores, such as convenience stores, dollar stores and mass merchandisers, also offer goods similar to those of traditional grocery stores. In recent years, supercenters and warehouse clubs have obtained a greater share of the food retailing market. Mass merchants offer lower prices than industry participants because they sell products in bulk. These stores also offer a variety of nonfood items, such as clothing and furniture. Due to evolving consumer needs, dollar stores and convenience stores have expanded more rapidly, according to 2019 research conducted by Booz & Company (latest data available).

As limited assortment and department stores have flourished, large-scale traditional grocers have struggled to compete. Over the past five years, companies such as the Kroger Company and Albertsons Companies Inc. have struggled to generate growth organically and have engaged in merger and acquisition activity. Rather than open up new stores, these large companies have acquired regional brands with a loyal local following. This strategy enables large brands to expand geographic reach without incurring high costs. As a result, this traditionally fragmented industry has become slightly more concentrated.

Profit and participation

Supermarket and grocery store operators have benefited from rising discretionary income and various consumer trends.

However, several factors, including intensifying competition and volatile commodity prices, have dampened industry performance. Despite rising incomes, the heightened competitive landscape has forced many operators to compete based on price. Limited assortment stores that primarily sell private label merchandise have been able to keep prices low without hurting profit. Larger operators that sell costlier national branded items have struggled to maintain profit due to intense price competition. Additionally, these large companies have been plagued with high acquisitions costs, further depressing profit in the short term. As a result, industry profit, measured as earnings before interest and taxes, accounts for 1.6% of revenue in 2020.

Low profit and a competitive market have discouraged new companies from entering the market. In addition to increased consolidation, this has led the number of industry enterprises to decrease an annualized 0.6% to 40,544 companies over the five years to 2020. Wage growth has been low as many operators have implemented self-checkout stations to cut wage costs. Nevertheless, rising minimum wage laws and increased hiring has led industry wages to increase an annualized 1.4% to \$68.3 billion over the five years to 2020.

Historical Performance Data										
Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Per Capita Disposable Income
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2011	605,452	71,685	64,366	40,888	2,413,784	N/A	N/A	59,575	N/A	38,779
2012	612,001	75,300	66,047	42,107	2,471,155	N/A	N/A	60,612	N/A	39,782
2013	612,469	74,816	66,286	42,526	2,482,664	N/A	N/A	60,116	N/A	39,002
2014	628,424	76,035	65,975	42,018	2,577,732	N/A	N/A	61,581	N/A	40,308
2015	637,138	82,262	66,284	41,841	2,666,800	N/A	N/A	63,785	N/A	41,684
2016	640,453	82,992	65,399	41,264	2,690,541	N/A	N/A	65,059	N/A	42,208
2017	652,470	82,999	64,938	41,031	2,668,254	N/A	N/A	66,035	N/A	43,233
2018	651,705	82,826	64,132	40,573	2,624,959	N/A	N/A	65,882	N/A	44,552
2019	652,742	84,939	64,156	40,583	2,613,322	N/A	N/A	68,033	N/A	45,302
2020	656,003	85,043	64,126	40,544	2,625,198	N/A	N/A	68,348	N/A	47,884

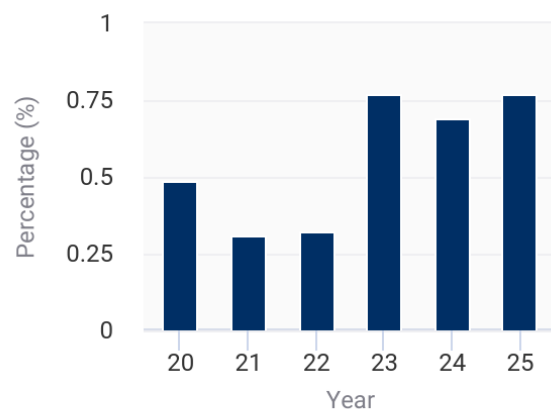
Industry Outlook

Outlook

Over the five years to 2025, the Supermarkets and Grocery Stores industry is expected to benefit from a strengthening US economy.

Once the COVID-19 (coronavirus) pandemic has been contained, the national unemployment rate is anticipated to stabilize, resulting in rebounding consumer spending and per capita disposable income. As per capita disposable income rises, shoppers will likely be more inclined to purchase premium level, value-added products at retail stores. In addition to growing demand for premium goods, operators will likely benefit from slowly growing input costs. However, due to intensifying competition from alternative retailers, such as dollar stores, online grocers and wholesale clubs, industry operators will likely struggle to compete. Overall, IBISWorld projects industry revenue to grow an annualized 0.6% to \$675.1 billion over the five years to 2025.

Industry Outlook
2020–2025



Supermarkets & Grocery Stores
Source: IBISWorld

Industry trends

Shifting demographics are anticipated to significantly influence the industry over the next five years.

Millennials have emerged as the most populous generation in the United States. As this age group's level of disposable income rises, industry operators are expected to increasingly cater their services to attract these individuals. Millennials are typically characterized as being health-conscious and value-driven. Due to these preferences, premium private label brands have become increasingly popular among this demographic. Accordingly, millennials have popularized stores that sell premium private label foods. These stores are generally smaller in size and enable shoppers to choose between a select number of high-quality products rather than thousands of brand names. As limited assortment stores continue to gain market share, stores with traditional layouts will likely struggle to compete.

Although national scale supermarket conglomerates are threatened by the popularity of limited assortment stores and supercenters, many other industry operators are struggling to stay relevant. In an attempt to compete, premium grocer Whole Foods Market Inc. (Whole Foods) announced plans to open a line of stores aimed toward millennials. These stores would be small in size and exclusively offer private label items. Large national chains are also following this trend. Ahold Delhaize, a Dutch-based operator with storefronts in New England and the Mid-Atlantic, has introduced a line of limited assortment stores under the brand name

bfresh. Over the next five years, IBISWorld expects that more supermarkets will follow this trend to appeal to a growing millennial demographic.

While some major operators will likely open new limited assortment and fresh format stores over the next five years, others will likely choose to simply enhance their current locations and product offerings. Traditional supermarkets are increasingly adding amenities, such as home grocery delivery, movie rental services, ATMs, dining areas and beer and wine bars. For these companies, enhancing their current stores is much more cost effective than opening up a new one, especially in such a saturated market.

Online competition

Over the five years to 2025, industry operators will likely experience heightened competition from online operators.

Over the five years to 2020, many supermarket operators shifted to omnichannel offerings to stay competitive with e-tailers, such as Amazon.com Inc. (Amazon), and meal preparation start-ups, such as Blue Apron Holdings Inc. This trend is expected to continue over the next five years, as overall e-commerce sales are expected to rise, indicating a continued shift toward virtual shopping. Since online grocery sales are not included in the Supermarkets and Grocery Stores industry, the steady adoption of online grocery services will likely hamper industry revenue growth over the coming years.

In addition to competition from online grocery delivery services, online pickup services are also expected to surge in popularity, further threatening industry sales. External operators, such as Walmart Inc., have launched same-day pick up services for online grocery orders. Additionally, e-commerce powerhouse Amazon made its entrance into the brick-and-mortar grocery market through its 2017 acquisition of Whole Foods. Further, the company plans to open 2,000 Amazon Fresh stores in the United States by 2026, many of which will likely operate without traditional check-out lines.

Profit and participation

Merger and acquisition activity is expected to continue as large operators seek to benefit from economies of scale and expand their geographic reach.

Due to increased competition and high market saturation, enterprise growth is anticipated to remain stagnant at 40,449 companies over the five years to 2025.

Conversely, industry employment is expected to rise at an annualized rate of 0.4% to 2.7 million workers during the same period. IBISWorld expects profit, measured as earnings before interest and taxes, to remain stable at 1.6% of revenue in 2025. A rising agricultural price index, along with the increasing popularity of store-brand items, is expected to positively affect profit. Even so, industry profit will likely be stifled by costs associated with continued merger and acquisition activity.

Performance Outlook Data

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Per Capita Disposable Income
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2020	656,003	85,043	64,126	40,544	2,625,198	N/A	N/A	68,348	N/A	47,884
2021	658,069	85,360	64,025	40,460	2,633,642	N/A	N/A	68,567	N/A	47,115
2022	660,179	85,645	63,944	40,392	2,639,715	N/A	N/A	68,737	N/A	47,405
2023	665,264	86,114	63,945	40,372	2,651,171	N/A	N/A	69,082	N/A	48,166
2024	669,858	86,529	63,999	40,390	2,661,501	N/A	N/A	69,392	N/A	49,280
2025	675,059	87,024	64,118	40,449	2,674,715	N/A	N/A	69,776	N/A	50,916

Industry Life Cycle The life cycle stage of this industry is **⊖ Mature**

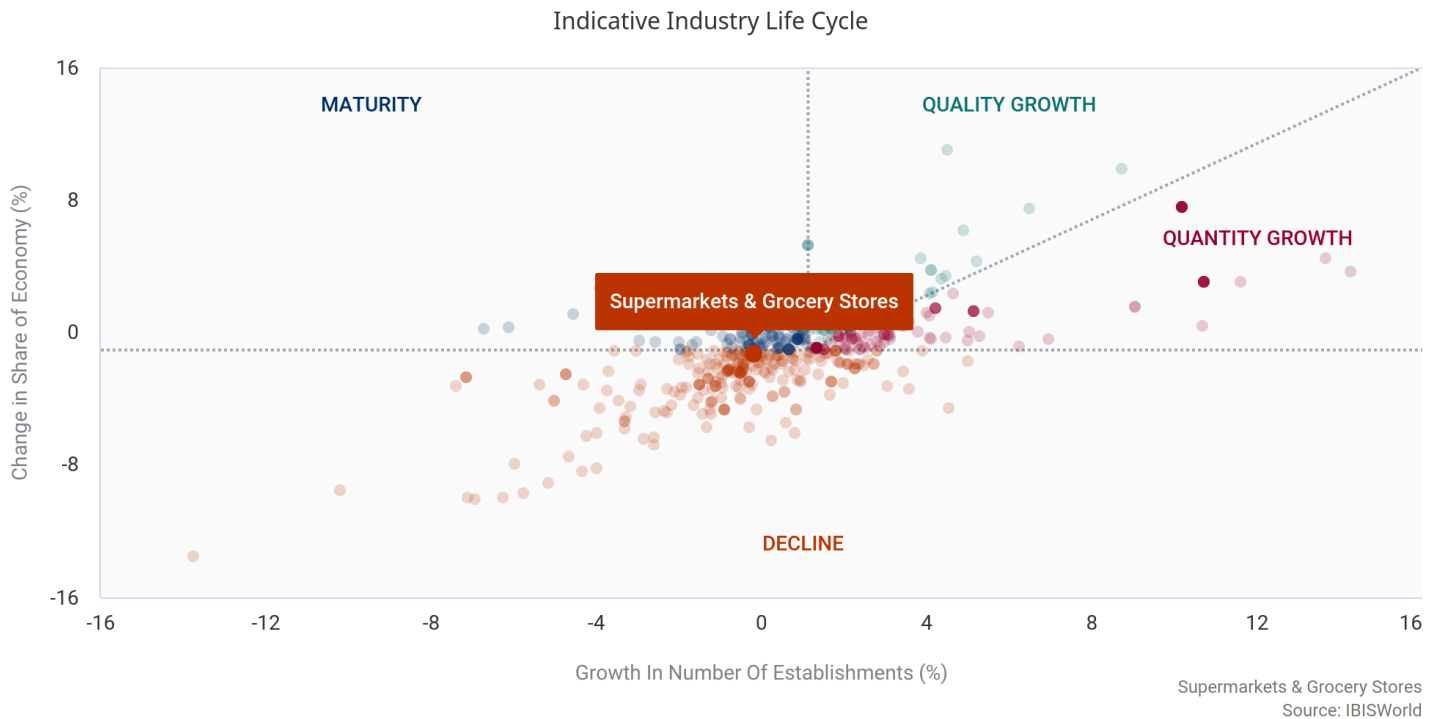
LIFE CYCLE REASONS

IVA is expected to grow at a slower rate compared with US GDP

Industry enterprise growth has stagnated

Operators have focused on boosting operational efficiency through technology

Industry operators retail fairly homogeneous products



The Supermarkets and Grocery Stores industry is in the mature stage of its life cycle. Industry value added (IVA), which measures an industry's contribution to the overall economy, is expected to increase an annualized 0.6% over the 10 years to 2025. Comparatively, US GDP is forecast to rise at an annualized rate of 1.9% during

the same period. Since IVA is growing at a slower rate compared with GDP, the industry is considered mature. Furthermore, supermarket and grocery stores have historically suffered from low profit, which lowers this industry's contribution to the economy. Additionally, intense competition in the food retailing sector has also contributed to the industry's slow growth.

Characteristic of a mature industry, supermarkets and grocery store chains have engaged in a substantial number of mergers and acquisitions over the five years to 2020. Consequently, during the period, the number of enterprises is expected to remain relatively stagnant. Due to low profit and the competitive nature of the industry, new operators are discouraged from entering the industry. Furthermore, increased competition from supercenters and wholesale clubs has made it more difficult for many larger grocery chains to compete in the industry. Since these large operators struggle to grow organically, they have relied on acquiring mid-sized regional competitors to boost their market share.

The products supplied by this industry have largely reached saturation levels. Growth has primarily come from the introduction of new niche market goods or advances in product formulas. The market for grocery products has undergone little change in recent years. However, participants have benefited from growing demand for all-natural and organic products. Furthermore, supermarkets have implemented technological changes in the form of self-checkout aisles and automated warehouse equipment, which have boosted operating efficiencies.

Products and Markets

Supply Chain

KEY BUYING INDUSTRIES

1st Tier

Consumers in the US

2nd Tier

Consumers in the US

KEY SELLING INDUSTRIES

1st Tier

Fish & Seafood Wholesaling in the US

Frozen Food Wholesaling in the US

Grocery Wholesaling in the US

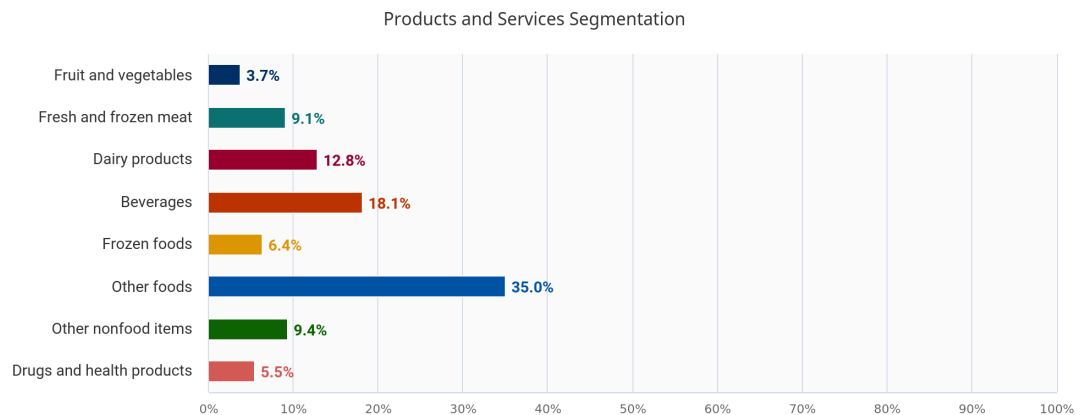
2nd Tier

Chicken Egg Production in the US

Beef Cattle Production in the US

Fruit & Nut Farming in the US

Products and Services



2020 INDUSTRY REVENUE

\$656.0bn

Supermarkets & Grocery Stores
Source: IBISWorld

Other foods

In the Supermarkets and Grocery Stores industry, other food items make up 35.0% of revenue in 2020.

Other foods include bakery products, snack foods, canned foods, pasta, condiments and ethnic food. The most commonly purchased products in this segment include fresh bread and rolls, salty snacks and cold cereal. This segment's share of industry revenue has expanded over the five years to 2020, driven by the growing demand for snacks and condiments. Product innovation and new flavors have driven demand for snacks and condiments. As per capita disposable income has improved over the past five years, many consumers have begun trading up from generic products to branded and premium goods, such as organic and gluten-free

snacks. As consumers turn to nutrient-enhanced bread, pasta and snack foods, this segment's share of industry revenue is anticipated to improve over the coming years.

Beverages

Beverages account for 18.1% of revenue in 2020, and include both alcoholic and nonalcoholic drinks.

Due to an increasingly health-conscious customer base, soda sales have declined as a share of revenue and per capita soft drink consumption remained stagnant over the past five years. Also, demand for sugary beverages, such as fruit juices and drinks, has waned due to health concerns. For example, refrigerated fruit juices and drinks sales were down 2.3% in 2015 (latest data available), according to Supermarket News. To counteract the falling demand for sugary beverages, manufacturers have introduced a variety of healthier drinks, such as lightly sweetened iced tea and kombucha, helping maintain this segment's performance. Wine consumption rates have also risen, especially due to the widely advertised health benefits of drinking small volumes of wine. Due to these trends, this segment's share of revenue has remained relatively stable over the past five years.

Dairy products

Dairy products account for 12.8% of revenue in 2020.

Products in this segment include milk, milk alternatives, cheese, yogurt and butter. This segment's share of industry revenue has increased over the past five years, driven by growth in per capita dairy consumption and a greater variety of premium products. For instance, Greek yogurt's popularity has grown drastically in recent years, helping boost this segment's performance. Also, new plant-based milk beverages have appealed to consumers that are lactose intolerant or do not consume regular dairy milk, helping drive sales among different consumer groups. This segment's share of industry revenue is expected to expand over the five years to 2025 as producers introduce a variety of new products.

Frozen foods

The frozen foods segment accounts for 6.4% of revenue in 2020.

This segment includes prepared frozen dinners, burritos, pizzas and desserts. While frozen food provides convenience and great taste, demand has slightly declined in recent years as many consumers traded up to fresh food due to rising disposable incomes. In addition, while producers have introduced a variety of healthier products, such as reduced sodium and low-fat frozen meals, health concerns have kept consumers from purchasing these items. Over the next five years, this segment's share of industry revenue is anticipated to remain steady as inflationary prices for fresh food make frozen goods more attractive.

The increase in stock-up activity in 2020 due to the COVID-19 (coronavirus) pandemic has increased demand for most products offered by the industry. Still, consumers have also been gravitating toward products that have a long shelf life as consumers fear exposure to the virus and plan to visit industry establishments less.

Other nonfood items

Other nonfood items account for 9.4% of revenue in 2020.

Items include household cleaning products and utensils, hygiene products, lawn and garden items, hardware, tobacco products, pet food and supplies, automotive accessories and novelty items. Due to the diversified nature of this segment, an increase in one segment can offset a decrease in another. Therefore, this segment's share of revenue has remained stable over the past five years.

Fresh and frozen meat

Fresh and frozen meat account for 9.1% of revenue in 2020.

Products in this segment include poultry, fish and deli items. The most commonly purchased products in this category include eggs, lunch meats and breakfast meats. Demand for fresh meat has dwindled in recent years due to price volatility. When prices increase, some consumers tend to limit the volume of meat they purchase, while other consumers trade down to more affordable cuts and varieties, such as ground beef and frozen meat. Nevertheless, this segment's share of revenue has expanded over the past five years. However, as the price of meat is expected to decline over the next five years, this segment's share of the industry is anticipated to decline slightly.

Drugs and health products

Over-the-counter drugs, vitamins and other health and wellness products make up another key segment of industry revenue, accounting for 5.5% of revenue in 2020.

The main items in this segment include prescription and nonprescription drugs. Sales of vitamins and supplements have increased as a result of health trends. This segment has grown significantly over the past five years, as operators expand their product offerings to compete with both industry and nonindustry operators.

Fruits and vegetables

Fruits and vegetables, including fresh and frozen varieties, are expected to account for 3.7% of revenue in 2020.

Despite growing health concerns and the popularity of fruits and vegetables, which have encouraged consumers to eat more leafy greens and fruits, this segment's share of industry revenue has declined in recent years. Moreover, the price of fruits and vegetables grew over the five years to 2020. Price increases have caused consumers to substitute fresh fruits and vegetables with frozen options during the period. Consequently, this segment's share of revenue has fallen and is expected to remain relatively stagnant over the next five years.

Demand Determinants

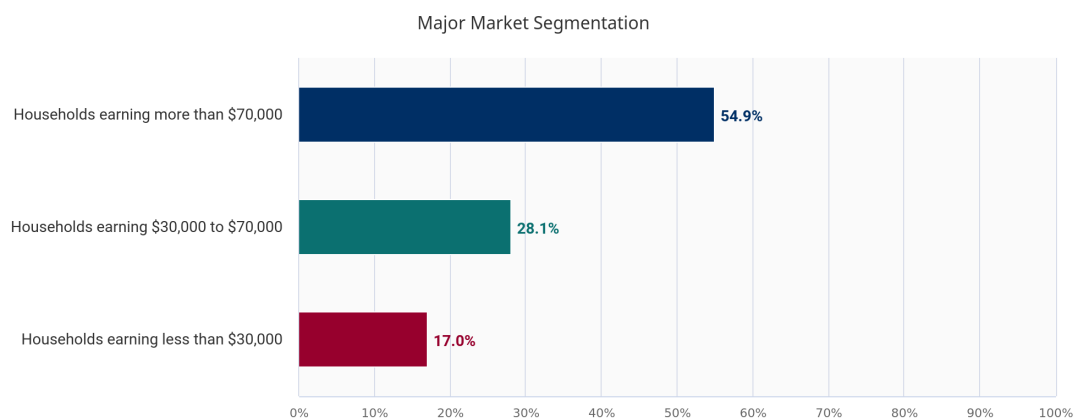
In the Supermarkets and Grocery Stores industry, household disposable income is the most significant demand determinant for grocery purchases because it is related to the frequency in which consumers purchase goods from supermarkets.

Furthermore, the level of household disposable income determines the quantity and quality of purchases. For instance, households with relatively low levels of disposable income purchase essential goods and very few high-end grocery items. However, households with higher levels of disposable income can vary the quality and quantity of goods they purchase.

Consumers are sensitive to prices, especially during times of economic uncertainty. Since very little product differentiation exists among retailers in this industry, the price they charge for their products heavily drives demand. In a highly saturated market, supermarkets constantly compete with each other to expand their consumer base. For instance, industry participants drive foot traffic to their store by offering consumer loyalty rewards, coupons and promotions, among other specials. Also, supermarkets continually seek to expand their product lines to appeal to a range of consumers.

Convenience is also an important demand determinant. To remain competitive, supermarkets must be located in high traffic areas that are easily accessible to consumers. Consumers often choose a grocery store within the closest proximity to their home or work. Especially when shopping for generic items, such as bread or milk, convenience is often the single most important factor for consumers. When pressed for time or if the need for an item is urgent, many consumers are often willing to sacrifice lower prices for convenience.

Major Markets



2020 INDUSTRY REVENUE

\$656.0bn

Supermarkets & Grocery Stores
Source: IBISWorld

While some operators in the Supermarkets and Grocery Stores industry resell their goods to other retailers, wholesalers and food service establishments, an estimated 99.0% of goods are sold directly to consumers. Furthermore, when consumers shop at grocery stores and supermarkets, they primarily purchase food and beverage products. However, several supermarkets and grocery stores sell other items, such as cleaning supplies, vitamins and supplements and personal care products such

as face wash and shampoo. The amount consumers spend depends on their income and gender. The spike in the unemployment rate caused by the COVID-19 (coronavirus) pandemic, which has greatly affected lower-income individuals, has discouraged price-conscious consumers from buying expensive, premium products, which has hampered industry revenue in 2020.

Households earning less than \$30,000

Households earning less than \$30,000 account for 17.0% of revenue in 2020. Consumers that fall in this income range typically buy generic brands and staple food items at supermarkets, such as milk, meat and bread. Grocery retailers experience competition from supercenters and warehouse clubs for these consumers because they offer the convenience of one-stop-shopping. Additionally, lower-income consumers have increasingly turned to dollar stores to purchase a variety of goods for cost savings. Consequently, this segment's share of the market has declined over the five years to 2020 due to intensifying price-based competition from alternative retailers.

Households earning between \$30,000 and \$70,000

Households that earn between \$30,000 and \$70,000 account for 28.1% of revenue in 2020. Households within this segment purchase both generic and branded goods at supermarkets. In addition to groceries, households in this range tend to buy personal care products and drugs from in-store pharmacies. While some consumers in this income group have allocated more money to alternative retail channels, most consumers still rely on supermarkets to purchase their staple food and nonfood items. Consequently, this segment's share of industry revenue has remained stable over the past five years and is anticipated to remain steady over the coming years.

Households earning more than \$70,000

Households earning more than \$70,000 account for an estimated 54.9% of revenue in 2020. Families in this income group depend on the convenience, affordability and accessibility of supermarkets to purchase weekly necessities. Higher income families often trade up to branded and premium goods, helping increase this segment's share of industry revenue. Moreover, many shoppers in this income group purchase goods for their entire family, whereas consumers in lower income brackets purchase goods for themselves or a small family. Consequently, consumers in this group purchase a greater volume of products per shopping trip at a higher price, helping increase this segment's share of the market. While many consumers in this segment have also allocated a greater share of their income to alternative retailers, a rise in disposable income levels have let high-income consumers purchase a greater variety of goods from supermarkets.

International Trade

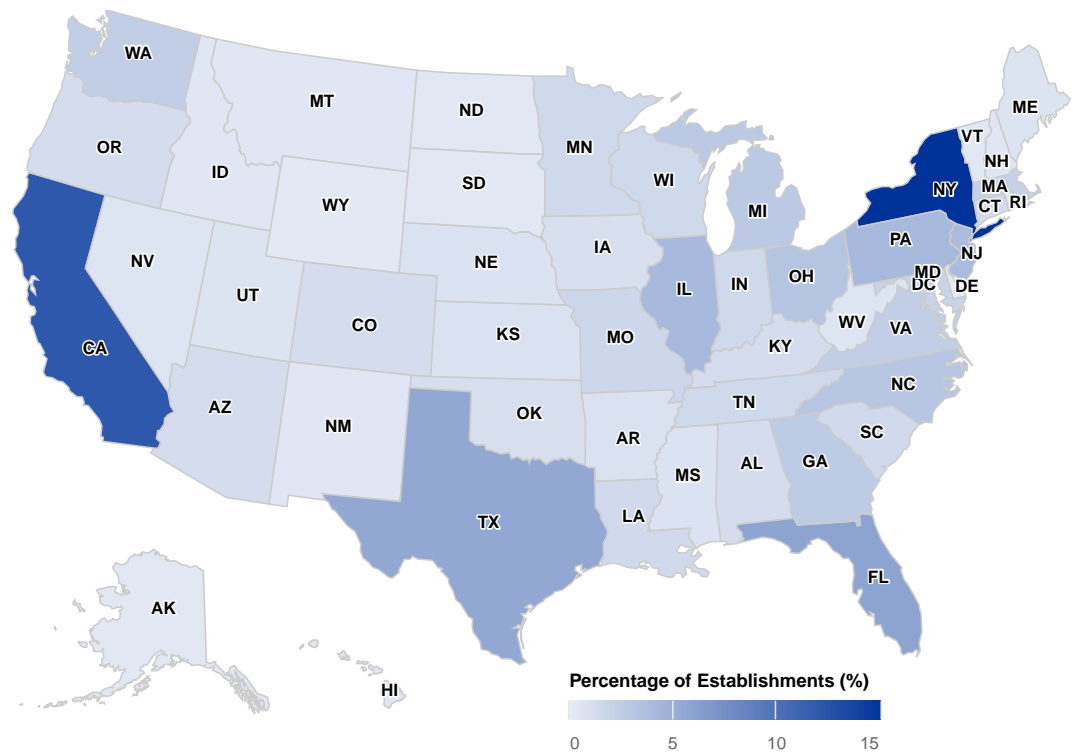
Exports in this industry are  **Low and Steady**

Imports in this industry are  **Low and Steady**

The Supermarkets and Grocery Stores industry does not participate in international trade since it is accounted for at the manufacturing level. As a result, although a significant share of goods retailed by operators is sourced from international locations, supermarkets do not directly import and export groceries.

Business Locations

Business Concentration in the United States



Supermarkets & Grocery Stores in the US
Source: IBISWorld

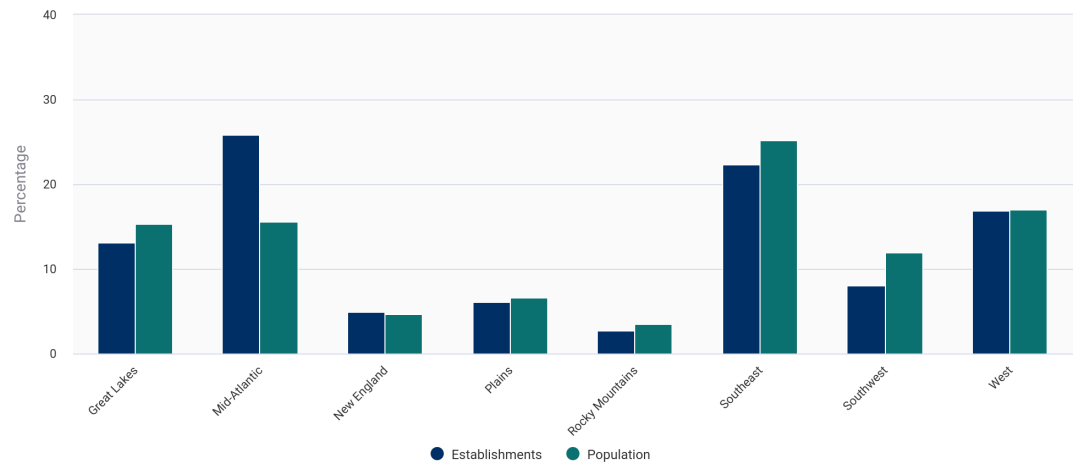
As with most retail industries, the location of establishments in the Supermarkets and Grocery Stores industry falls broadly in line with how the population is dispersed across the United States. The greater the number of residents, the stronger demand for supermarkets and grocery stores should be. Therefore, major retailers strategically locate their establishments in and near large cities. Shopping preferences in specific states and regions also influence the distribution of industry establishments. For instance, warehouse clubs and supercenters are more heavily concentrated in the Great Lakes, which accounts for 13.1% of industry establishments in 2020, and the Southeast, curbing the need for supermarkets and grocery stores.

This industry is largely concentrated in the Mid-Atlantic region, which accounts for 25.8% of establishments in 2020. This region includes highly populated states such as New Jersey, New York and Pennsylvania. In fact, New York accounts for 15.3% of establishments in 2020, partially due to its large population. More importantly, the nation's first grocery store chain, the Great Atlantic and Pacific Tea Company, was first established in New York City. Consequently, the Mid-Atlantic has historically remained the most important region to this industry.

The Southeast is the second-most densely concentrated region, accounting for 22.3% of industry establishments in 2020. Large states, such as Florida and Georgia, contribute a significant share of storefronts to this region. Moreover, one of the leading supermarket chains, Publix Super Markets Inc., is headquartered in Florida, which accounts for 5.8% of establishments in 2020.

In 2020, the West accounts for 16.9% of establishments, serving 17.2% of the population. California, the most densely populated state in this region, is the largest contributor, accounting for 12.0% of industry establishments in 2020.

Distribution of Establishments vs Population



Supermarkets & Grocery Stores
Source: IBISWorld

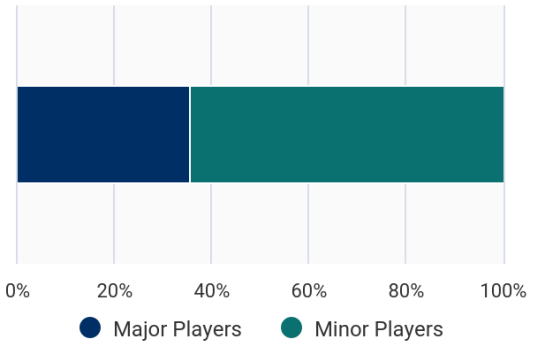
Competitive Landscape

Market Share Concentration

Concentration in this industry is ✔ **Low**

The Supermarkets and Grocery Stores industry is highly fragmented, with an estimated one-third of enterprises employing fewer than five workers. Moreover, the top four operators are expected to account for 40.0% of industry revenue in 2020. The remaining share of the market is mainly composed of small- and medium-sized operators that cater to local and regional markets. IBISWorld estimates that 40,544 operators will actively compete for the remaining market share in 2020. Even though a large share of businesses operates a single establishment, medium-sized stores have begun to comprise a larger share of the market.

Market Share Concentration



Supermarkets & Grocery Stores
Source: IBISWorld

Market share concentration has fluctuated over the five years to 2020 due to a flurry of mergers and acquisitions. Large companies, such as Albertsons Companies Inc. and the Kroger Company, have acquired numerous brands, boosting their share of industry revenue. Additionally, medium-sized players such as HEB Grocery Company LP and Meijer Inc. have dominated local markets by saturating their respective geographic regions. These stores are often family-owned and have grown over the past five years due to their strong position in local communities. While market share for these companies generally falls below 5.0%, these stores have eroded the market share of large companies during the period.

National level premium chains such as Whole Foods Market Inc. and Trader Joe's have also expanded their share of industry revenue over the past five years. Like many regional family-owned stores, these national chains provide superior customer service and extensive premium products. These retailers also offer a wide variety of niche goods such as gluten-free and vegan products, many of which are not offered by traditional grocers. As disposable income increases and consumers become more health-conscious, these brands are expected to increase their share of the industry over the five years to 2025.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Proximity to key markets: A supermarket's proximity to densely populated areas enables operators to maximize foot traffic and sales. Clear signage, easy access and ample parking space also attract shoppers.

Access to multiskilled and flexible workforce: Similar to other retail industries, supermarkets have a highly flexible workforce, which enables stores to rotate staff as required, particularly during extended operating hours.

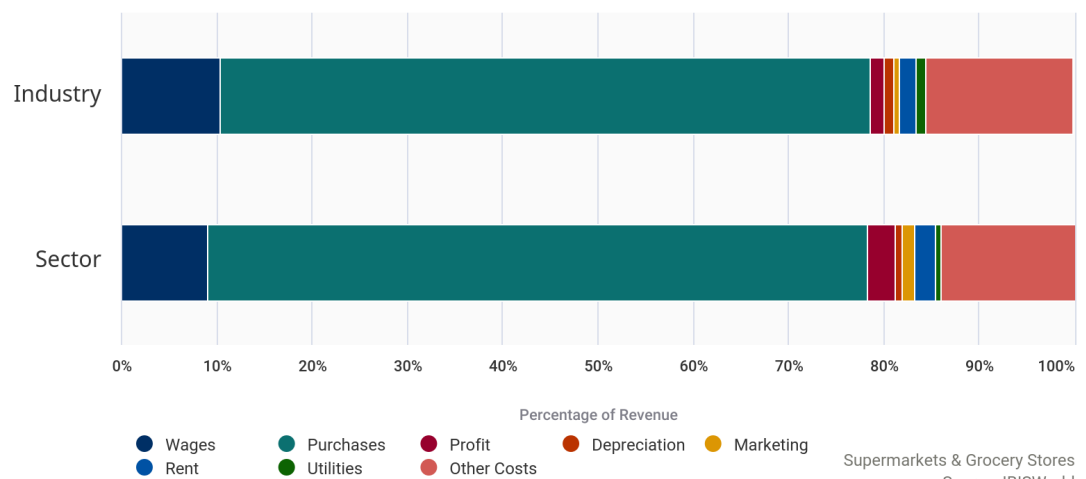
Ability to control stock on hand: Managing inventory ensures that products are always available for purchase, particularly if they are advertised as the weekly special and in high demand.

Close monitoring of competition: Grocery stores compete on price due to the low level of product differentiation. Consequently, retailers must monitor when competitors offer discounts and promotions.

Access to the latest available and most efficient technology and techniques: Operators that take advantage of the latest technology in security and point of sale processing benefit from increased productivity and higher profit.

Cost Structure Benchmarks

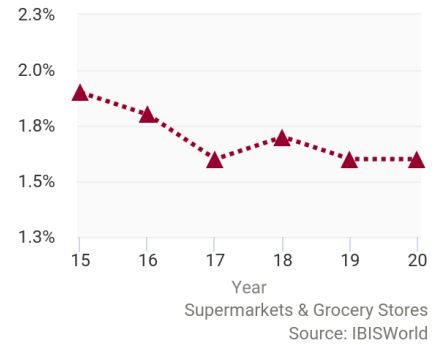
Cost Structure 2020



Profit

In 2020, industry profit, measured as earnings before interest and taxes, is anticipated to account for 1.6% of revenue, down from 1.9% in 2015. The industry has historically been characterized by low profit, due to the fragmented nature of the industry. Supermarket operators compete largely on price, as the products sold by retailers are homogeneous. Consequently, companies offer discounts and promotions frequently to drive foot traffic to their stores and boost customer loyalty and retention rates. Over the five years to 2020, the industry has contended with intensifying competition from warehouse clubs and supercenters that offer even lower prices than supermarkets. While this trend holds true for the industry as a whole, specialty retailers, such as all-natural and organic grocers, have experienced high and even increasing profit during the period. In 2020, economic slowdowns caused by the COVID-19 (coronavirus) pandemic are anticipated to pressure profit even further. Over the five years to 2025, IBISWorld anticipates industry profitability to remain relatively stable, as the growing popularity of private label products with millennials boosts profit.

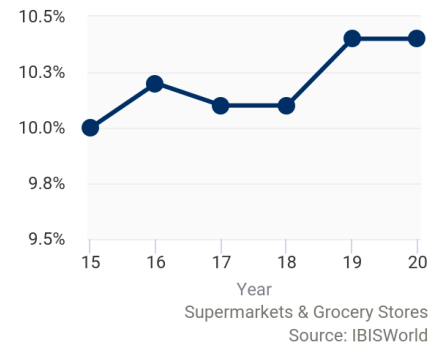
Profit as a Share of Revenue 2015-2020



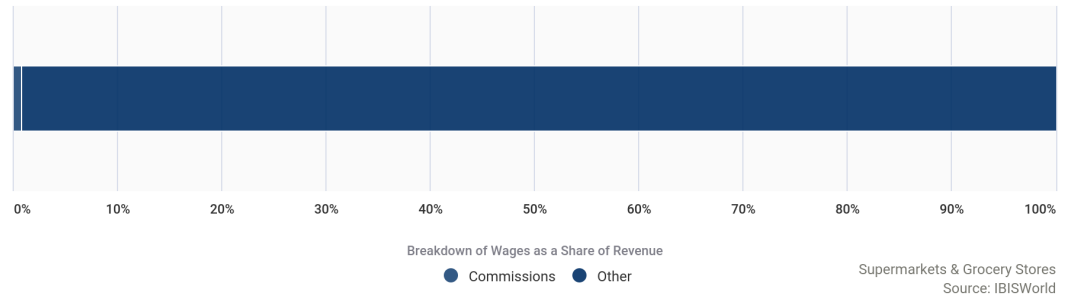
Wages

Wages constitute the second-largest cost segment for this industry, accounting for 10.4% of industry revenue in 2020. This figure represents a slight increase from 10.0% in 2015. This increase is largely due to the average wage increasing, particularly due to rising minimum wage laws. Moreover, due to technological advancements, such as self-service checkouts, many low wage industry jobs have been eliminated. Consequently, there is a larger share of higher skill workers that are require more sizable compensation. Over the next five years, wages as a share of revenue is expected to remain steady.

Wages as a Share of Revenue 2015-2020



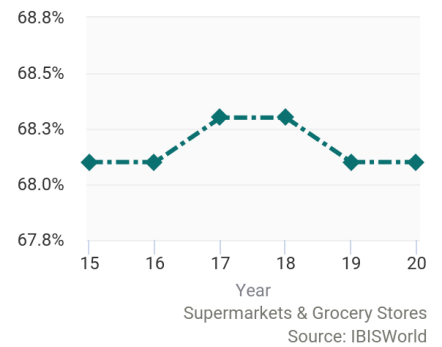
Wages Breakdown (% of Total Wages in 2020)



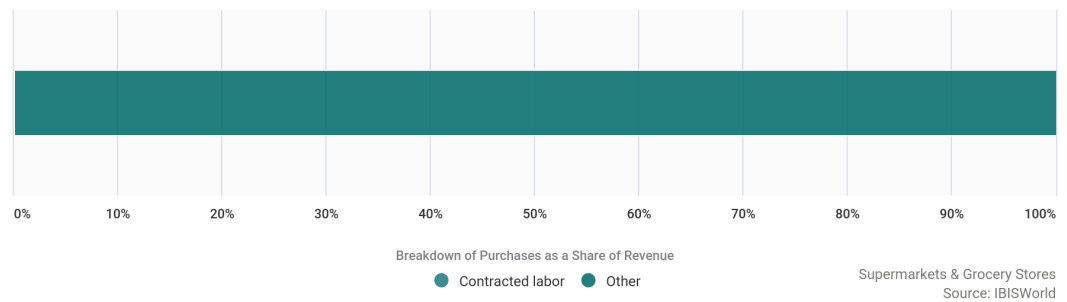
Purchases

Purchases account for an overwhelming majority of revenue, estimated to account for 68.1% of industry revenue in 2020. As commodity markets have fluctuated over the past five years, the cost of many key agricultural products, such as fruit and meat products, has remained volatile, ultimately decreasing during the second half of the period. Consequently, lower input costs have been passed down the supply chain to food manufacturers and retailers.

Purchases as a Share of Revenue 2015-2020



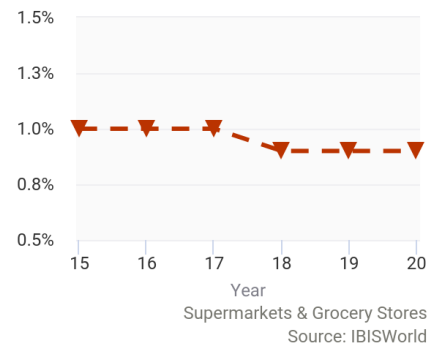
Purchases Breakdown (% of Total Purchases in 2020)



Depreciation

Depreciation costs are expected to account for 0.9% of industry revenue in 2020. Depreciation costs have remained steady over the past five years.

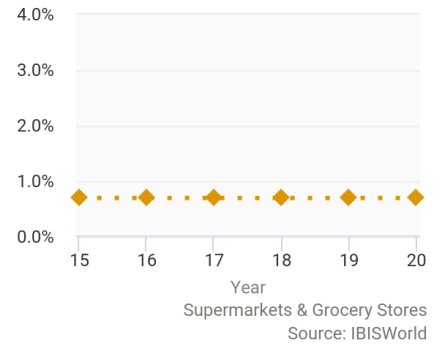
Depreciation as a Share of Revenue 2015-2020



Marketing

Marketing costs include advertising and promotions. While supermarkets offer promotions regularly to drive foot traffic to their stores, marketing costs are expected to account for 0.7% of revenue in 2020.

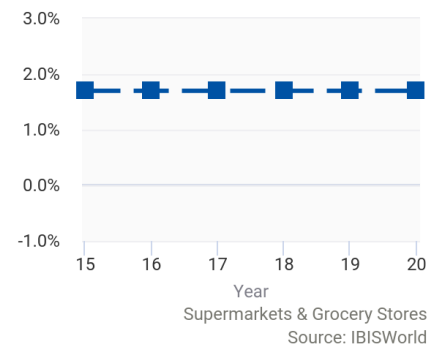
Marketing as a Share of Revenue 2015-2020



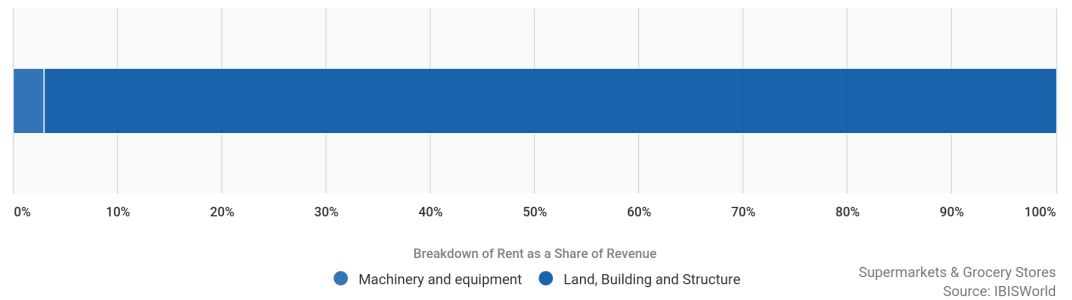
Rent

Rent costs are expected to account for 1.7% of industry revenue in 2020. Rent costs have remained a steady share of revenue over the past five years.

Rent as a Share of Revenue 2015-2020



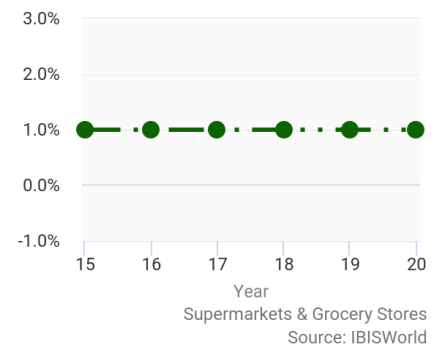
Rent Breakdown (% of Total Rent in 2020)



Utilities

Utility costs have remained steady over the past five years and are expected to account for 1.0% of industry revenue in 2020.

Utilities as a Share of Revenue 2015-2020



Other Costs

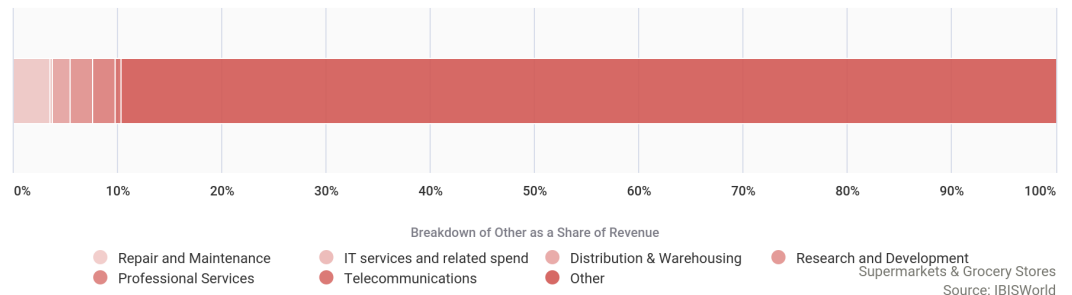
Other costs associated with operating a supermarket include various administrative expenses. Overall, these costs are expected to account for 15.5% of industry revenue in 2020.

Other Costs as a Share of Revenue 2015-2020



Supermarkets & Grocery Stores
Source: IBISWorld

Other Breakdown (% of Total Other in 2020)



Breakdown of Other as a Share of Revenue

- Repair and Maintenance
- IT services and related spend
- Distribution & Warehousing
- Research and Development
- Professional Services
- Telecommunications
- Other

Supermarkets & Grocery Stores
Source: IBISWorld

Basis of Competition

Competition in this industry is ⚠ **High and Increasing**

Internal competition

Operators in the Supermarkets and Grocery Stores industry fiercely compete in an increasingly competitive food retailing sector.

Due to the homogeneous nature of the goods sold at supermarkets, industry participants compete on price by offering discounts and promotions in addition to customer loyalty awards. Supermarkets rely on a large volume of sales with low markups and offer generic- or store-branded food items that are less expensive than branded products to drive sales. Most stores offer weekly savings on popular products to entice new consumers.

In addition to lower prices, grocery stores must attract customers with the range and quality of products they offer. Industry players that offer an extended range of goods cater to a larger consumer base from both low- and high-income households. However, if grocery stores price their high-quality products too high, they risk losing sales, even from high-income households. Still, private label products have maintained their popularity among consumers over the five years to 2020. In particular, higher-end generic goods have experienced increasing sales as consumers seek affordability and value. Consequently, retailers that offer a range of private label products have benefited from improved sales and profit.

Supermarkets offer a variety of products and services, aside from traditional grocery and nonedible products. For instance, through its partnership with Starbucks Corporation, recently acquired Safeway Inc. operates in-store Starbucks-branded coffee shops at many of its locations. Other additions that can make the shopping experience more convenient for consumers include ATM machines, movie rental kiosks and other amenities.

External competition

The industry contends with intense external competition, particularly from mass merchandisers, such as Walmart Inc.

(Walmart) and Costco Wholesale Corporation (Costco). While Walmart and Costco do not necessarily specialize in grocery retailing, they generate a substantial portion of revenue from the sale of grocery products. External competition from warehouse clubs and supercenters has intensified in recent years, as many consumers prefer one-stop shops where they can purchase a variety of goods, such as apparel and furniture, in addition to traditional groceries. Mass merchandisers also provide lower prices than most supermarkets, as they benefit from economies of scale. Supermarkets also experience competition from convenience stores, discount retailers and food service providers.

Barriers to Entry

Barriers to entry in this industry are ⊖ Medium and Increasing

Barriers to entry in the Supermarkets and Grocery Stores industry are moderate. However, the level of initial capital investment is high. In the past, the major operational cost for industry participants was wages. In addition, the introduction and installation of point-of-sale (POS) systems over the 10 years to 2020 has raised the level of capital expenditure for supermarkets. POS systems are not the only consideration for a prospect; new entrants must

consider a whole range of expenses, including leasing a building. Start-up costs can be financed through a combination of owner investment, short-term loans and long-term borrowing. If new entrants are unable to secure financing for these initial investments, they will likely not be able to enter the industry.

The preexistence of distribution networks between operators and suppliers can be a barrier to entry, as existing operators have established relationships of trust and loyalty with their suppliers during a period of time, granting them preferential treatment and pricing. Also, the leading retailers have locked in supply bases for certain fresh food categories, which are inaccessible to new entrants. Consequently, new food retailers, especially those wanting to establish relationships with produce suppliers and farmers, may contend with a limited pool of choices. There has also been a noticeable trend of consolidations over the past

Barriers to entry checklist

Competition	High	⚠
Concentration	Low	✔
Life Cycle Stage	Mature	⊖
Technology Change	Medium	⊖
Regulation & Policy	Medium	⊖
Industry Assistance	Low	⚠

decade among US produce suppliers and growers, making it even more difficult to select an appropriate vendor.

Conversely, no direct licenses are required to operate supermarkets or grocery stores, which significantly lowers barriers to entry. Additionally, the industry is highly fragmented, and as a result, prospects can successfully enter the industry by specializing in a specific product category.

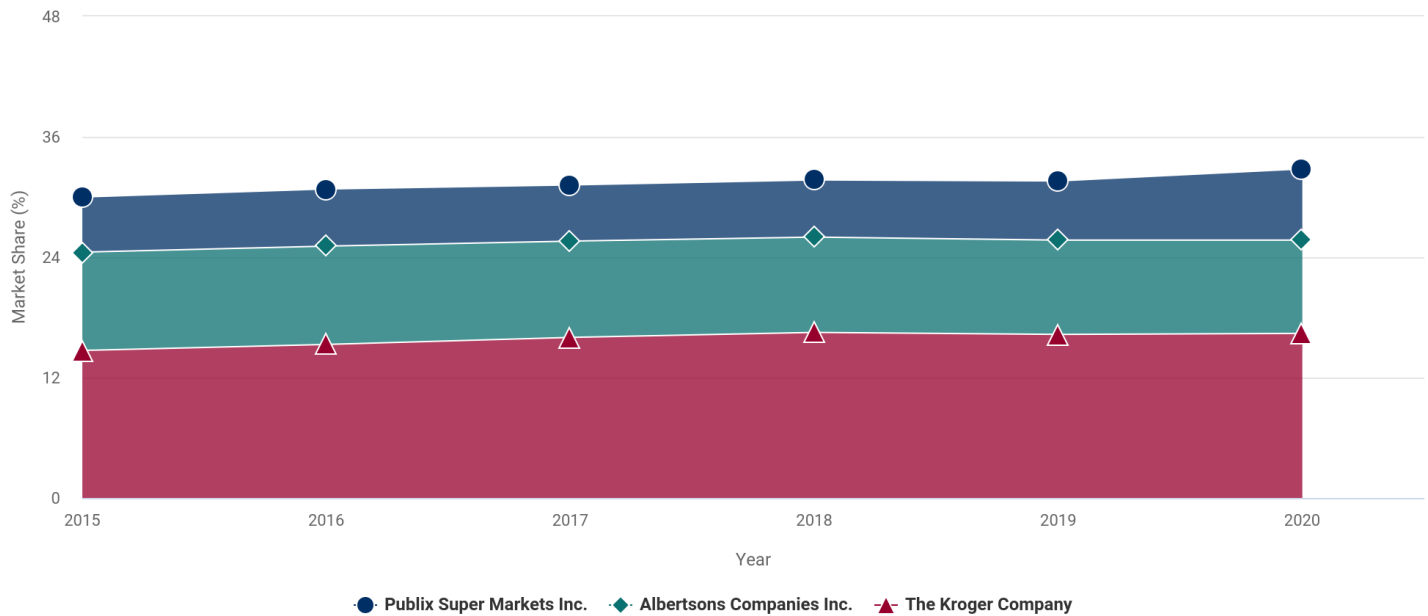
Industry Globalization

Globalization in this industry 🟢 Low and Steady

The Supermarkets and Grocery Stores industry exhibits a low level of globalization. Due to the nature of retail stores, supermarkets do not engage in international trade. Also, most industry establishments are based in the United States and earn revenue from domestic operations. However, companies have increasingly expanded their operations abroad to enter growth markets. Foreign companies also operate supermarkets in the United States. For example, Delhaize America LLC is a subsidiary of Belgian Delhaize Group SA.

Major Companies

Major Players and Their Market Share 2015–2020



Supermarkets & Grocery Stores in the US
Source: IBISWorld

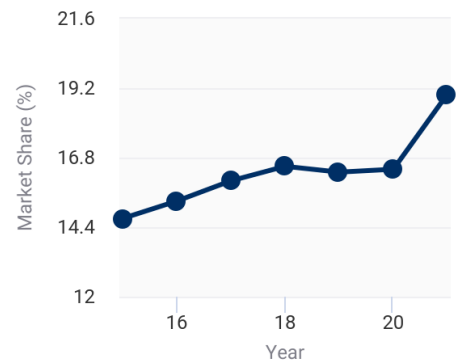
Major Players

THE KROGER COMPANY

Market Share: 19%

The Kroger Company (Kroger) was founded in 1883 and is the largest grocery store chain in the United States. Headquartered in Cincinnati, OH, the retailer employs 435,000 people across the United States. The company operates one retail segment, which includes its retail food and drug stores, multidepartment stores, jewelry stores and convenience stores. Along with its retail business, Kroger operates 35 manufacturing facilities to produce a variety of private label goods, primarily baked goods and dairy products, which are sold at its retail outlets. In fiscal 2020 (year-end February), Kroger generated an estimated \$122.3 billion in total revenue (latest data available).

The Kroger Company



Kroger participates in the Supermarkets and Grocery Stores industry through its food and drug stores segment and multidepartment stores. The company operates nearly 2,800 supermarkets and grocery stores across the United States. Kroger trades under a variety of banner names across 35 states. Also, the company uses private labels as a way to differentiate its products and compete with other industry

players. The company sells over 16,000 private label items in three tiers. This includes Private Selection, which is the company's premium quality private label, offering food and beverages that cater to consumers' specific gourmet tastes; the company's midrange banner brand makes up the majority of private label sales; and the company's value brands, which maintain an emphasis on price.

Over the five years to 2020, Kroger has focused on driving sales productivity in markets that it already operates in and expanding through strategic acquisitions. Since Kroger is the largest grocery retailer, it aims to acquire companies in locations where it can expand its market share. For instance, prior to the current period, the company merged with Harris Teeter Supermarkets Inc., enabling Kroger to expand into the Southeastern and Mid-Atlantic markets, marginally boosting its market share. In November 2015, the company purchased Roundy's Supermarkets Inc., adding an additional 151 Midwestern storefronts to the company's portfolio. Over the past five years, the company has also expanded its online operations, food delivery and same-day pick-up service. For example, in June 2018, the company merged with Home Chef, a food delivery company.

Financial performance

Kroger has achieved consistent revenue growth over the past five years, benefiting from higher sales and merger and acquisition activity. As discretionary income continued to strengthen, consumers have begun trading up to branded products at retail stores, helping increase company performance. Kroger has also benefited from expanding its private label offerings, which includes its upscale generic products and value goods. While the company has benefited from improved sales and acquisitions during the period, intensifying competition from warehouse clubs and supercenters has threatened revenue performance, encouraging the company to seek growth through acquisitions. Nevertheless, Kroger's industry-relevant revenue has increased at an annualized rate of 6.5% to \$125.3 billion over the five years to fiscal 2021. The company's industry-relevant operating income has fluctuated during the same period, resulting from various costs associated with acquisition activities. In 2020, due to an increase in stock-up activity as consumers stay at home to prevent the spread of the COVID-19 (coronavirus) pandemic, industry-relevant revenue is anticipated to strongly increase.

The Kroger Company (US industry-specific segment) - financial performance*

Year**	Revenue (\$m)	Growth (% change)	Operating Income (\$m)	Growth (% change)
2015-16	91310.0	N/C	2973.0	N/C
2016-17	99243.0	8.7	2970.3	-0.1
2017-18	104817.0	5.6	2232.0	-24.9
2018-19	105123.0	0.3	2614.0	17.1
2019-20	107487.0	2.2	2251.0	-13.9
2020-21	125266.5	16.5	3308.7	47.0

Source: Annual Report

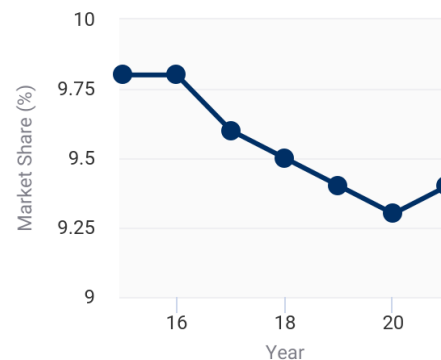
Note: *Estimates; **Year-end January

ALBERTSONS COMPANIES INC.

Market Share: 9.4%

Albertsons Companies Inc. (Albertsons), the second-largest industry operator, was founded in 1939 and is headquartered in Boise, ID. As one of the largest food and drug retailers in the United States, the company employs more than 275,000 workers in more than 2,260 stores across 34 states. Albertsons operates 20 branded store banners, including Albertsons, Vons, Shaw's, Randalls, Pavillions, Star Market, Carrs and Safeway. In fiscal 2018 (year-end February), Albertsons generated \$60.5 billion in total revenue (latest data available).

Albertsons Companies Inc.



Prior to the current period, in March 2014, the company announced a proposed \$9.4 billion acquisition of Safeway Inc. (Safeway), the second-largest US grocery store chain in terms of revenue at the time. The acquisition drastically increased the company's market share and geographic range. In compliance with an antitrust review of the merger, Safeway and Albertsons were forced to divest a combined 168 store locations, 146 of which were bought by the Haggen Inc., a Washington-based grocery stores chain. The merger was cleared in January 2015 by the FTC, and in July 2015, the company filed a proposal for initial public offering. In 2018, the company announced that it would buy Rite Aid Corporation (Rite Aid) for an estimated \$24.0 billion. However, due to strong resistance from Rite Aid's shareholders, both companies called off the proposed transaction in August 2018. As of October 2018, Albertsons is still a privately held enterprise (latest data available).

Financial performance

Resulting from aggressive merger and acquisition activity, Albertsons' industry-relevant revenue has steadily increased. The acquisition of Safeway in 2014 solidified the company's position as a major industry operator, increasing the company's store count. While these large-scale acquisitions have increasingly boosted company revenue, the company's industry-relevant operating income has been volatile due to high acquisition costs. Overall, in 2020, Albertsons is expected to account for 9.4% of industry revenue. The company's industry-relevant revenue has increased at an annualized rate of 1.0% to \$61.8 billion over the five years to fiscal 2021. In 2020, industry-relevant revenue is anticipated to increase at a modest rate due to the economic slowdowns caused by the coronavirus pandemic.

Year**	Revenue (\$m)	Growth (% change)	Operating Income (\$m)	Growth (% change)
2015-16	58734.0	N/C	359.1	N/C
2016-17	59678.2	1.6	607.6	69.2
2017-18	59924.6	0.4	-56.6	N/C
2018-19	60534.5	1.0	787.3	N/C
2019-20	61147.6	1.0	945.2	20.1
2020-21	61831.1	1.1	976.4	3.3

Source: IBISWorld

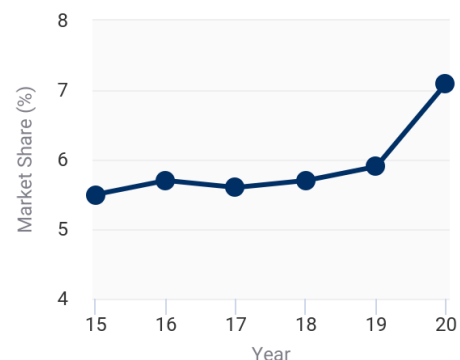
Note: *Estimates; **Year-end February

PUBLIX SUPER MARKETS INC.

Market Share: 7.1%

Publix Super Markets Inc. (Publix) began operations in 1930 in Florida and is regarded as the largest employee-owned supermarket chain in the United States. The company operates 1,239 supermarket locations in Florida, Georgia, Alabama, South Carolina, North Carolina, Tennessee and Virginia. In 2019, the company employed 207,000 full-time and part-time employees (latest data available). Publix operates in only one industry-relevant segment, but the company also manufactures and retails a variety of products under its private labels. Moreover, an estimated 84.0% of its sales are generated from grocery items, while the remainder is derived from the sale of health and beauty care items, general merchandise, pharmacy, floral and other products and services. Publix generated \$38.1 billion in total revenue in 2019 (latest data available).

Publix Super Markets Inc.



The company has achieved growth over the five years to 2020 by expanding the number of storefronts to its roster, benefiting from higher product prices and increased customer counts due to an improving economy. For instance, in 2019, Publix opened 35 new stores and remodeled 177 locations. The company focuses heavily on its existing regional markets rather than expanding through mergers and acquisitions, similar to many other larger industry operators. Additionally, over the past five years, the company has significantly expanded its online channel and grocery delivery operations.

Financial performance

The company's industry-relevant revenue has increased an annualized 7.4% to \$46.3 billion over the five years to 2020. The company has historically experienced higher profit than its competitors by implementing a variety of programs. For instance, the company launched its GreenWise organic brand, which brings in higher profit than its other private label brands. In addition to its generic products, the company offers notable customer service, which helps the chain retain customers. These efforts have enabled the company to boost sales, increase customer loyalty and maintain its earnings during the period. Unlike their competitors, Publix strays away from aggressive merger and acquisition activity, resulting in relatively stable profit year over year. However, the company's industry-relevant operating income has been fairly volatile over the past five years. In 2020, both industry-relevant revenue and profit are anticipated to sharply increase due to increased demand for groceries as a result of stay-at-home orders due to the coronavirus pandemic.

Publix Super Markets Inc. (US industry-specific segment) - financial performance*

Year	Revenue (\$m)	Growth (% change)	Operating Income (\$m)	Growth (% change)
2015	32362.6	N/C	2869.3	N/C

Publix Super Markets Inc. (US industry-specific segment) - financial performance*

Year	Revenue (\$m)	Growth (% change)	Operating Income (\$m)	Growth (% change)
2016	33999.9	5.1	2751.7	-4.1
2017	34558.3	1.6	2732.8	-0.7
2018	36093.9	4.4	2744.4	0.4
2019	38116.4	5.6	2889.2	5.3
2020	46273.3	21.4	4580.0	58.5

Source: Annual Report

Note: *Estimates

Other Players

The Supermarkets and Grocery Stores industry is highly fragmented. While operators control a substantial share of the market in specific regions and cities, it is difficult for regional players to obtain significant share of the national market.

AHOLD DELHAIZE

Grocery retailer Ahold Delhaize was formed in mid-2016 when Delhaize Group and Koninklijke Ahold NV merged to form one entity. Combined, the company now operates more than 6,500 stores in the United States and Europe. US operations are conducted through 1,973 locations. The company operates under different brand names, such as Food Lion, Hannaford, Stop & Shop, Giant, Martin's and bfresh, as well as several online operations, which are excluded from this industry. In 2020, IBISWorld expects Ahold Delhaize to generate \$30.5 billion in industry-relevant revenue.

ALDI INC.

ALDI Inc. (Aldi) is headquartered in Batavia, IL, and has operated in the United States since 1976. The company's parent company, ALDI Group was founded in 1913 in Germany. Aldi US is a discount grocer that purchases items in bulk to pass on cost savings to consumers. Additionally, 90.0% of store merchandise are Aldi private label brands, enabling further competitive pricing. The company employs over 25,000 workers in nearly 1,900 stores across 36 states. The majority of stores are located in the Northeast and the Midwest; however, the company has recently expanded through 25 southern California locations. Over the five years to 2020, the company has grown substantially, appealing to both price-conscious and value-driven consumers. Although Aldi is private and does not release financial data, IBISWorld estimates that the company will generate \$23.9 billion in industry-relevant revenue in 2020.

HEB GROCERY COMPANY LP

Founded in 1905 and headquartered in San Antonio, TX, HEB Grocery Company LP (HEB) is one of the largest family-owned grocery chains in the United States. In 2018, *Forbes* ranked HEB the 11th-largest private company in the United States. The company employs more than 116,000 workers across its more than 380 stores in Texas and Mexico. Along with the standard grocery selection, HEB offers many local or Texas-themed items, such as Texas-shaped tortilla chips and condiments

from popular Texas chain Whataburger. The local appeal has enabled HEB to grow steadily over the five years to 2020, becoming the leading supermarket in many of Texas' largest metropolitan areas. In November 2015, the company launched its online store, which lists more than 50,000 nonperishable grocery items. Since HEB is family-owned, the company does not release its financial information, however, IBISWorld estimates the company to generate \$29.0 billion in industry-relevant revenue in 2020.

MEIJER INC.

For more than 80 years, Meijer Inc. (Meijer) has served the Midwest as a leading family-owned grocer. The company employs over 80,000 workers across its more than 248 locations in Michigan, Ohio, Indiana, Illinois, Kentucky and Wisconsin. This regional powerhouse serves as a one-stop shop, offering an extensive grocery product selection, pharmacy, deli and photo printing services. According to *Forbes*, Meijer is the 19th-largest private company in the United States in 2019 (latest data available). The company has experienced steady revenue growth and has opened numerous stores over the past five years, mostly recently in Wisconsin. Although the company is private and does not release financial data, IBISWorld estimates that the company will generate \$18.6 billion in industry-relevant revenue in 2020.

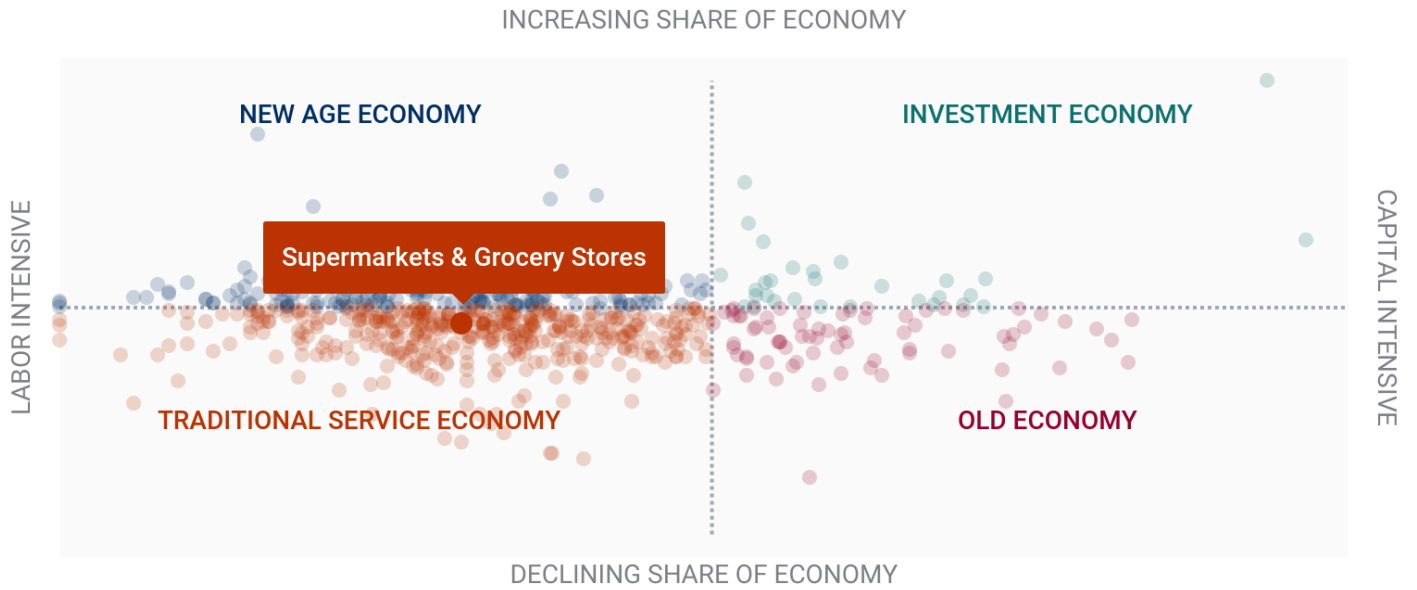
WHOLE FOODS MARKET INC.

Whole Foods Market Inc. (Whole Foods) is one of the world's leading natural food retail chains and is the first national certified organic grocer in the United States. Founded in 1980 in Austin, TX, the company specializes in natural and organic foods. After acquiring its top competitor, Wild Oats Markets Inc., the company now operates more than 500 locations in the United States, Canada and the United Kingdom. Along with its unique positioning, the grocer has benefited from the popularity of its private label brands, such as 365 Everyday Value and Wellshire Farms.

Over the five years to 2020, Whole Foods has experienced sizable competition from new industry entrants. To combat these competitors, the company launched its own small-format store brand in 2016, under the Whole Foods 365 brand name. These stores are targeted at price-sensitive and value-driven millennials and sells primarily company brand 365 Everyday Value products. The stores are also equipped with hot food bars, juice stations and other amenities. Whole Foods was recently acquired by Amazon.com Inc. (Amazon) for \$13.7 billion in 2017. Amazon has already begun to decrease Whole Foods' prices, extend Whole Foods discounts to Amazon Prime members and make products available online, making products more affordable and accessible to a larger demographic. In 2020, the company is expected to generate \$17.7 billion in industry-relevant revenue.

Operating Conditions

Costs of Growth: Targeting Capital vs. Labor



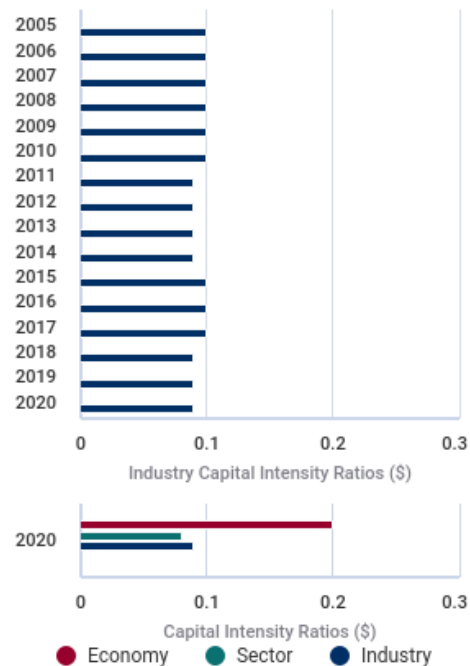
Supermarkets & Grocery Stores in the US
Source: IBISWorld

Capital Intensity

The level of capital intensity is ✔ **Low**

The Supermarkets and Grocery Stores industry exhibits a low level of capital intensity. Using wages as a proxy for labor and depreciation as a proxy for capital, IBISWorld estimated that for every \$1.00 spent on labor in the industry, \$0.09 will be spent on capital in 2020. Capital expenditure for the industry includes the purchase of store assets, such as cash registers and shelving. While most industry operators invested relatively small portions of their revenue on capital goods, many of the large supermarkets implemented new technology. For instance, the introduction of computerized point-of sale-systems and self-checkout systems has increased supermarkets' dependence on capital to improve operating efficiencies. Advancements in the internet and the development of online ordering capabilities also increased capital expenditure for many large operators.

Capital Intensity Ratios



Supermarkets & Grocery Stores
Source: IBISWorld

Supermarkets depend on manual labor to stock shelves, organize inventory and provide customer service. The level of labor expenditure in this industry is influenced by the number of people employed, their wage rates and operating hours. Employees in this industry range from cashiers to store managers and marketing executives. However, the number of employees in the industry has decreased over the five years to 2020 due the introduction of self-checkout systems.

Technology And Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruption	Description
⚠ High	Market Concentration	Likely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.
⊖ Moderate	Rate of Entry	Potential	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
✔ Low	Ease of Entry	Unlikely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.

Level	Factor	Disruption	Description
✔ Very Low	Rate of Innovation	Very Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
✔ Very Low	Innovation Concentration	Very Unlikely	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.

The industry is experiencing a low level of both the rate of new patents and the concentration of patents in the industry. This creates an environment where the threat of new technologies driving disruption is low.

The industry structure is not accommodative to new entrants succeeding, which limits the incentive for new companies. This is accompanied by an average level of new entrant operators. The combination provides a limited threat from disruptors.

The major markets for this industry are highly concentrated, which implies that the market has a focus on key customer segments. This presents an opportunity for strategic entrance into lower-end markets or unserved markets for innovations to take on a disruptive trajectory.

Operators in the Supermarkets and Grocery Stores industry have experienced a moderate level of technology and systems disruption over the five years to 2020.

New operators, such as Uber Eats, Doordash Inc. and HelloFresh SE, have disrupted traditional supermarket and grocery stores. These operators provide the convenience of in-mobile application ordering, flexible delivery hours and competitive prices.

Conversely, major operators in the industry have also introduced their own mobile apps and e-commerce websites to capture the growing market share of customers opting to order industry products online as opposed to visiting the stores. This trend is expected to continue over the five years to 2025.

The level of technology change is ☹ **Medium**

Pay by Touch

In the Supermarkets and Grocery Stores industry, one of the latest technological innovations is Pay by Touch scanners, which make payment at checkouts quicker and safer.

Through the system, a customer can set up an e-wallet that contains their bank account, reward card and credit card information. Grocery payment is made by simply scanning a fingerprint and keying in a password linked to account details.

Self-checkout lanes

Self-checkout systems continue to be very popular in grocery stores.

Consumers that buy one or two products prefer self-checkout lanes because they are usually the fastest way to make a purchase. However, similar to any new technology, the self-checkout systems contend with some hurdles, such as proof of age and bar-coding issues. Despite the operational hurdles that companies experience, self-checkout lanes are beneficial for supermarkets because they lower the number of cashiers needed per store, lowering wage costs for operators.

E-commerce and smartphone applications

Many industry participants have entered the internet retailing sector by enabling customers to purchase products online and have their groceries delivered to their homes and offices.

Many regional supermarket chains have begun to offer internet retailing in recent years. Moreover, grocery stores have taken advantage of the popularity of smartphones. Many grocery stores have created apps that consumers can download to improve their shopping experience. These apps display the latest coupon offers, weekly specials and store locations. Some independent grocery apps let shoppers scan bar codes and ring up purchases as they walk through the aisles.

In-store Wi-Fi

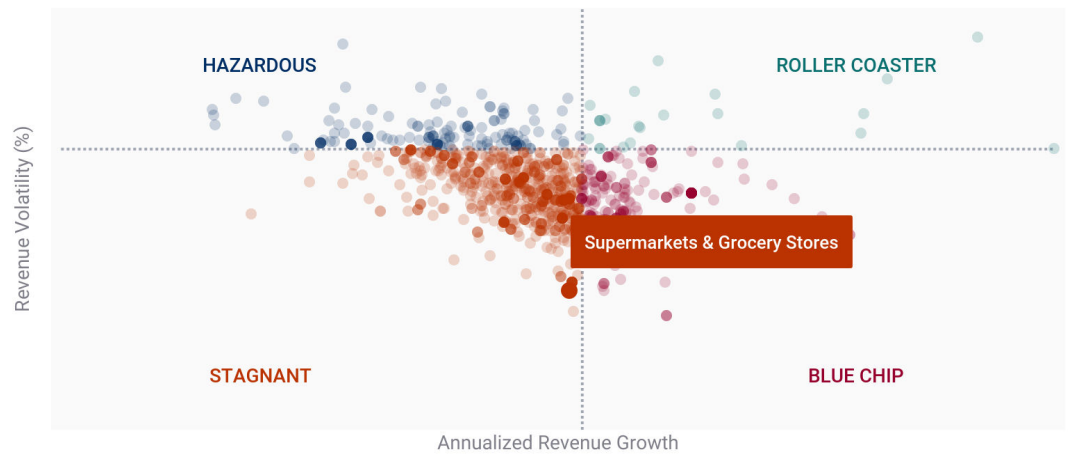
Over the five years to 2020, an increasing amount of grocery stores have implemented free in-store Wi-Fi.

While Wi-Fi itself is not an innovation specific to the industry, it has become a commonality for many operators. According to a 2015 study conducted by EarthLink, 28.0% of retailers experienced an increase in customer loyalty after deploying in-store customer Wi-Fi, with an associated 2.0% increase in sales. Retailers also reported that consumers using in-store Wi-Fi spent 21.0% longer in the store.

Revenue Volatility

The level of volatility is ✔ **Low**

Volatility vs. Growth



Supermarkets & Grocery Stores
Source: IBISWorld

Note: Revenue growth and decline reflective of 5-year annualized trend. Y-axis is in logarithmic scale. Y-axis crosses at long-run GDP. X-axis crosses at high volatility threshold.

The Supermarkets and Grocery Stores industry experiences low revenue volatility, as industry operators sell nondiscretionary items.

Consequently, demand for products sold at retail stores does not fluctuate drastically with minor changes in product prices and disposable income levels. However, significant price increases and lower discretionary income causes shoppers to trade down to discounted or generic products, lowering industry revenue growth. In addition, consumer preferences have curbed revenue growth over the five years to 2020. The emergence and growth of discount retail stores, including warehouse clubs and supercenters, have caused many consumers to purchase a variety of nonfood and staple food items in bulk at these locations. Also, demand for single-serve beverages, snacks and other sundries has been dampened by the growing popularity of convenience stores. In 2020, industry revenue is anticipated to grow modestly due to economic slowdowns caused by the COVID-19 (coronavirus) pandemic. Even though consumers have been increasingly turning to online retailers, overall stock-up activity has increased as people stay at home, pushing revenue upward.

Regulation & Policy

The level of regulation is ⊖ **Medium** and is Steady

Regulations relevant to the Supermarkets and Grocery Stores industry are generally enacted and administered by state governments.

Congress has enacted trade regulations, with the aim of maintaining a free and competitive economy. Congress passed the Sherman Antitrust Act, the Wilson Tariff Act, the Clayton Antitrust Act and the Robinson-Patman Act along with various other regulations to address unfair competition. A variety of other state and local policy regarding alcohol sales and banned substance sales affect industry operators, particularly those with national scale operations.

The Sherman Antitrust Act

In the late 1800s, businesses began to gain market dominance by forming anticompetitive agreements called trusts, which cut prices drastically to drive competitors out of business.

The anticompetitive techniques of trusts included buying out competitors, forcing downstream customers to sign long-term contracts and purchase unwanted products to receive other goods. Congress responded in 1890 by introducing the Sherman Antitrust Act, which prohibits illegal monopolies or monopolies that could be shown to use their power to censor competition. This act prohibits any operator from monopolizing the industry through acquisitions. Therefore, the act ensures fair competition among industry participants. This legislation has been particularly pertinent to industry operators over the five years to 2020, which have been marked by large-scale mergers and acquisitions. For instance, in 2015, the Federal Trade Commission required the divestment of 146 Safeway Inc. and Albertsons Companies Inc. stores for the merger to be approved.

The Robinson-Patman Act

In 1914, the second section of the Clayton Act became the first federal statute that expressly prohibited certain forms of price discrimination.

In 1936, that section was amended to create the Robinson-Patman Act, which provides some measure of protection to small independent retailers and their independent suppliers, from what was thought to be unfair competition from chain stores. The act requires sellers to sell to everyone at the same price, while buyers are to purchase merchandise from a particular seller at the same price as everyone else. The act also prohibits sellers and buyers from using brokerage, allowances and services.

Occupational Safety and Health Administration

Under the US Department of Labor, the Occupational Safety and Health Administration (OSHA) provides various guidelines for grocery stores.

For instance, OSHA has guidelines regarding how grocery stores must train their employees, check out items and stock products. Grocery stores that do not follow mandatory OSHA guidelines are subject to penalties. Operators in this industry are also subject to regulation by the US Food and Drug Administration, the US Department of Agriculture, the Environment Protection Agency and other federal, state and local agencies.

Other

| A variety of state and local laws also affect industry operations.

State and county liquor laws often dictate the times alcohol sales can be conducted, the types of alcohol that can be sold or even ban the sale of alcohol all together. For example, out of Arkansas' 75 counties, 39 have banned the sale of alcohol. Additionally, while the vast majority of states permit grocery store beer or wine sales, only 21 permit the sale of hard liquor. Aside from alcohol, a variety of other substances are sold on a state by state level. For example, unpasteurized milk is only legal for store sale in 13 states.

Since industry operators are considered essential, they have been able to keep their doors open throughout the COVID-19 (coronavirus) pandemic. Still, they have had to implement health and safety regulations to prevent the spread of the virus. This includes implementing social distancing guidelines, mandatory mask-wearing and limiting capacity, among others.

Industry Assistance

The level of industry assistance is **▲ Low** and is **Steady**

| Operators in the Supermarkets and Grocery Stores industry do not engage in international trade, and therefore, do not receive assistance in the form of import tariffs.

However, tariffs are applied to goods sold at retail stores. Hence, tariffs rates can influence the cost of goods sold and the variety of products stocked by retailers.

Supermarkets receive indirect assistance from industry associations, such as the National Grocers Association (NGA). The NGA represents retail and wholesale grocers and helps members by providing webinars, training in various topics, and providing them with other informational resources. The NGA represents over 7,500 store fronts across the United States. The National Supermarket Association (NSA) is another trade organization that represents an estimated 400 independent supermarket owners in New York and other urban cities across the East Coast.

In 2020, some industry operators received funding from a COVID-19 (coronavirus) economic relief bill, totaling an estimated \$2.2 trillion package. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed to assist businesses with the economic crisis, including programs such as small business lending, tax relief to individuals and employers and unemployment insurance.

Key Statistics

Industry Data

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Per Capita Disposable Income
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	
2011	605,452	71,685	64,366	40,888	2,413,784	N/A	N/A	59,575	N/A	38,779
2012	612,001	75,300	66,047	42,107	2,471,155	N/A	N/A	60,612	N/A	39,782
2013	612,469	74,816	66,286	42,526	2,482,664	N/A	N/A	60,116	N/A	39,002
2014	628,424	76,035	65,975	42,018	2,577,732	N/A	N/A	61,581	N/A	40,308
2015	637,138	82,262	66,284	41,841	2,666,800	N/A	N/A	63,785	N/A	41,684
2016	640,453	82,992	65,399	41,264	2,690,541	N/A	N/A	65,059	N/A	42,208
2017	652,470	82,999	64,938	41,031	2,668,254	N/A	N/A	66,035	N/A	43,233
2018	651,705	82,826	64,132	40,573	2,624,959	N/A	N/A	65,882	N/A	44,552
2019	652,742	84,939	64,156	40,583	2,613,322	N/A	N/A	68,033	N/A	45,302
2020	656,003	85,043	64,126	40,544	2,625,198	N/A	N/A	68,348	N/A	47,884
2021	658,069	85,360	64,025	40,460	2,633,642	N/A	N/A	68,567	N/A	47,115
2022	660,179	85,645	63,944	40,392	2,639,715	N/A	N/A	68,737	N/A	47,405
2023	665,264	86,114	63,945	40,372	2,651,171	N/A	N/A	69,082	N/A	48,166
2024	669,858	86,529	63,999	40,390	2,661,501	N/A	N/A	69,392	N/A	49,280
2025	675,059	87,024	64,118	40,449	2,674,715	N/A	N/A	69,776	N/A	50,916

Annual Change

Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Per Capita Disposable Income
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2011	2.94	-3.71	-0	-0	0	N/A	N/A	-1.25	N/A	1.61
2012	1.08	5.04	3	3	2	N/A	N/A	1.74	N/A	2.58
2013	0.07	-0.65	0	1	0	N/A	N/A	-0.82	N/A	-1.97
2014	2.60	1.63	-0	-1	4	N/A	N/A	2.43	N/A	3.34
2015	1.38	8.18	0	-0	3	N/A	N/A	3.57	N/A	3.41
2016	0.52	0.88	-1	-1	1	N/A	N/A	1.99	N/A	1.25
2017	1.87	0.00	-1	-1	-1	N/A	N/A	1.50	N/A	2.43
2018	-0.12	-0.21	-1	-1	-2	N/A	N/A	-0.24	N/A	3.04
2019	0.15	2.55	0	0	-0	N/A	N/A	3.26	N/A	1.68
2020	0.49	0.12	-0	-0	0	N/A	N/A	0.46	N/A	5.69
2021	0.31	0.37	-0	-0	0	N/A	N/A	0.32	N/A	-1.61
2022	0.32	0.33	-0	-0	0	N/A	N/A	0.24	N/A	0.61
2023	0.77	0.54	0	-0	0	N/A	N/A	0.50	N/A	1.60
2024	0.69	0.48	0	0	0	N/A	N/A	0.44	N/A	2.31
2025	0.77	0.57	0	0	0	N/A	N/A	0.55	N/A	3.31

Key Ratios

Year	IVA/Revenue	Imports/Demand	Exports/Revenue	Revenue per Employee	Wages/Revenue	Employees per estab.	Average Wage
	(%)	(%)	(%)	(\$'000)	(%)		
2011	11.8	N/A	N/A	251	9.84	37.5	24,681
2012	12.3	N/A	N/A	248	9.90	37.4	24,528
2013	12.2	N/A	N/A	247	9.82	37.5	24,214
2014	12.1	N/A	N/A	244	9.80	39.1	23,890
2015	12.9	N/A	N/A	239	10.0	40.2	23,918
2016	13.0	N/A	N/A	238	10.2	41.1	24,181
2017	12.7	N/A	N/A	245	10.1	41.1	24,748
2018	12.7	N/A	N/A	248	10.1	40.9	25,098
2019	13.0	N/A	N/A	250	10.4	40.7	26,033
2020	13.0	N/A	N/A	250	10.4	40.9	26,035
2021	13.0	N/A	N/A	250	10.4	41.1	26,035
2022	13.0	N/A	N/A	250	10.4	41.3	26,040
2023	12.9	N/A	N/A	251	10.4	41.5	26,057
2024	12.9	N/A	N/A	252	10.4	41.6	26,073
2025	12.9	N/A	N/A	252	10.3	41.7	26,087

Industry Financial Ratios

Liquidity Ratios	April 2019 - March 2020 by company revenue						
	April 2016 - March 2017	April 2017 - March 2018	April 2018 - March 2019	April 2019 - March 2020	Small (< \$10m)	Medium (\$10m-50m)	Large (> \$50m)
Current Ratio	1.6	1.6	1.6	1.6	2.4	1.7	1.2
Quick Ratio	0.5	0.5	0.5	0.5	0.7	0.6	0.4
Sales / Receivables (Trade Receivables Turnover)	475.6	391.5	431.9	403.9	999.9	622.1	119.9
Days' Receivables	0.8	0.9	0.8	0.9		0.6	3.0
Cost of Sales / Inventory (Inventory Turnover)	14.3	14.7	14.5	15.0	11.8	16.3	16.2
Days' Inventory	25.5	24.8	25.2	24.3	30.9	22.4	22.5
Cost of Sales / Payables (Payables Turnover)	24.3	22.9	24.6	23.9	42.8	21.6	19.1
Days' Payables	15.0	15.9	14.8	15.3	8.5	16.9	19.1
Sales / Working Capital	33.5	32.6	29.6	31.0	20.0	30.2	57.9
Coverage Ratios							
Earnings Before Interest & Taxes (EBIT) / Interest	5.3	5.3	5.6	5.3	5.2	10.2	4.5
Net Profit + Dep., Depletion, Amort. / Current Maturities LT Debt	3.2	2.7	3.3	3.2		2.2	3.9
Leverage Ratios							
Fixed Assets / Net Worth	1.1	1.1	0.9	0.9	0.7	0.6	1.2
Debt / Net Worth	1.9	1.8	1.8	1.5	1.5	1.2	1.9
Tangible Net Worth	24.7	24.5	26.8	35.1	31.9	35.1	38.7
Operating Ratios							
Profit before Taxes / Net Worth, %	22.6	19.8	21.8	22.1	35.2	22.4	14.6
Profit before Taxes / Total Assets, %	7.4	6.9	7.6	7.7	9.9	9.3	4.9
Sales / Net Fixed Assets	18.6	19.3	19.8	3.4	4.3	3.2	2.8
Sales / Total Assets (Asset Turnover)	4.9	4.9	5.1	17.3	22.6	19.8	11.7
Cash Flow & Debt Service Ratios (% of sales)							
Cash from Trading	27.5	28.1	27.1	4.5	4.4	4.8	4.5
Cash after Operations	2.6	2.0	2.3	28.5	27.9	29.8	27.9
Net Cash after Operations	3.0	2.6	3.0	2.5	2.9	2.3	2.5
Cash after Debt Amortization	0.8	0.6	1.0	3.3	3.8	3.5	3.0
Debt Service P&I Coverage	2.6	2.0	2.3	1.3	1.0	1.5	1.1
Interest Coverage (Operating Cash)	8.4	7.5	6.9	2.7	2.7	2.8	2.5
Assets, %							
Cash & Equivalents	16.4	16.2	16.4	25.5	14.3	34.6	17.6
Trade Receivables (net)	3.8	3.8	3.7	7.9	5.3	12.0	8.9
Inventory	29.3	28.5	30.5	2.2	0.0	2.6	3.4
All Other Current Assets	2.1	2.6	2.3	16.6	19.0	18.0	12.2
Total Current Assets	51.5	51.1	52.9	3.1	2.1	2.7	4.5
Fixed Assets (net)	31.6	30.9	30.8	27.1	31.6	26.2	23.3
Intangibles (net)	7.2	8.1	7.1	2.9	2.7	3.3	2.7
All Other Non-Current Assets	9.6	9.9	9.2	49.6	55.5	50.2	42.7
Total Assets	100.0	100.0	100.0	32.4	29.5	29.2	39.3
Total Assets (\$m)	14,459.3	15,291.0	16,009.8	6.1	6.1	5.9	6.4
Liabilities, %							
Notes Payable-Short Term	3.8	4.1	4.2	11.9	8.9	14.7	11.7
Current Maturities L/T/D	3.7	3.3	3.5	100.0	100.0	100.0	100.0
Trade Payables	18.1	18.2	17.8	10,139,562,000	185,366,000.0	922,114,000.09	0,032,082,000.0
Income Taxes Payable	0.2	0.1	0.1	3.4	4.6	2.2	3.4
All Other Current Liabilities	11.7	11.6	10.3	2.9	2.5	3.0	3.4
Total Current Liabilities	37.5	37.2	36.0	17.7	12.6	21.5	18.6
Long Term Debt	22.4	20.9	20.9	0.1	0.1	0.0	0.1
Deferred Taxes	0.3	0.2	0.2	12.2	13.8	11.5	11.3
All Other Non-Current Liabilities	7.9	9.1	9.0	36.3	33.6	38.2	36.8
Net Worth	31.9	32.6	33.9	20.0	23.3	18.3	18.6
Total Liabilities & Net Worth (\$m)	14,459.3	15,291.0	16,009.8	8.4	11.2	8.3	5.5
Maximum No. of Statements Used	625.0	669.0	658.0	100.0	100.0	100.0	100.0

Source: RMA Annual Statement Studies, rmahq.org. RMA data for all industries is derived directly from more than 260,000 statements of member financial institution's borrowers and prospects.

Additional Resources

Additional Resources

The Food Industry Association

<http://www.fmi.org>

The Association for Convenience & Fuel Retailing

<http://www.nacsonline.com>

The World Bank

<http://www.worldbank.org>

National Grocers Association

<http://www.nationalgrocers.org>

Supermarket News

<http://www.supermarketnews.com>

US Census Bureau

<http://www.census.gov>

Industry Jargon

FRESH FORMAT STORES

Stores that offer an extensive array of premium organic, ethnic and specialty items.

LIMITED ASSORTMENT STORES

Stores that are more compact than traditional supermarkets, and sell a limited variety of low-priced private label items.

POINT-OF-SALE SYSTEM

A hardware or software system that traces where a transaction occurs at a retail establishment or store.

PREMIUM BRANDS

Brands that are produced by regional, national or international companies. They are typically priced higher than private label brands and are often considered to be of higher quality.

PRIVATE LABEL BRANDS

Brands that are offered by retailers and compete with regional, national and international brands.

Glossary Terms

BARRIERS TO ENTRY

High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY

Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

CONSTANT PRICES

The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND

Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT

The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE

A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT

The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS

Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS

Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION

An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

REGIONS

West | CA, NV, OR, WA, HI, AK

Great Lakes | OH, IN, IL, WI, MI

Mid-Atlantic | NY, NJ, PA, DE, MD

New England | ME, NH, VT, MA, CT, RI

Plains | MN, IA, MO, KS, NE, SD, ND

Rocky Mountains | CO, UT, WY, ID, MT

Southeast | VA, WV, KY, TN, AR, LA, MS, AL, GA, FL, SC, NC

Southwest | OK, TX, NM, AZ

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES

The gross total wages and salaries of all employees in the industry.

IBISWorld helps you find the industry information you need – fast

With our trusted research covering thousands of global industries, you'll get a quick and intelligent overview of any industry so you can get up to speed in minutes. In every report, you'll find actionable insights, comprehensive data and in-depth analysis to help you make smarter, faster business decisions. If you're not yet a member of IBISWorld, contact us at +1-800-330-3772 or info@IBISWorld.com to learn more.

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