THE SUPER 50

YEAR OF DISRUPTION

A newcomer to our annual ranking is shaking the industry to its very core.

Introduction by Jim Dudlicek
Analysis by Bridget Goldschmidt,
Randy Hofbauer and Kat Martin

It's easy to think that the word "disruption" has been overused in descriptions of the transformation that's taking place in the food retailing industry.

But we'd better get used to it, because things are just getting started.

There it is, at No. 7 in the chart on page 32: Amazon.

Mind you, for the moment, it's just as the new owner of record of Whole Foods Market — up from ninth a year ago — and doesn't reflect other grocery sales, mostly nonperishables, that Amazon has been growing in recent years.

But it's certainly a sign of how things are going to continue to change.

Shortly before this issue went to press, it was widely reported that Amazon's U.S. grocery sales in the first quarter of 2018 rose nearly 50 percent, up to an estimated $650 million, led by coffee, beverages and snacks, according to ecommerce data analyst One Click Retail. Yet while Amazon is the most-shopped online grocer overall, consumers are more often shopping Walmart (the Super 50's No. 1) online for daily trips, including fresh categories, according to a Coresight Research study reported on progressivegrocer.com.

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As we observed in our 85th Annual Report of the Grocery Industry in April 2018, Amazon's rise up the grocery ranks doesn't sound the death knell for traditional retailers — only for traditional retailing.

To be sure, progressive grocers had been hard at work changing the way they do business prior to the marriage of Amazon and Whole Foods. Online ordering, click-and-collect, delivery services, scan-and-go platforms, enhanced fresh offerings and compelling in-store experiences are among the many ways that players up and down the Super 50 are making themselves more competitive and relevant to new generations of shoppers.

For some, it has worked. For others, well …

Our analysis a year ago singled out four operators we observed as struggling. Two of them — Indiana's Marsh Supermarkets and Illinois-based wholesaler-retailer Central Grocers — have since filed for bankruptcy, had their assets sold off and have vanished from the Super 50.

The third, New York's Price Chopper (Golub Corp.) was at the time ranked 24th and seeking an acquisition partner. Since then, the company has continued its transformation into the contemporary Market 32 banner, established tech partnerships with companies like Aptaris and Instacart, and teamed up with Daymon to enhance its sampling programs as part of an elevated shopping experience. The largely employee-owned grocery chain is holding steady in this year's ranking.

As for the fourth — it was Whole Foods, at the time beset by activist investors looking to change course as the company lost ground to larger players with the scale to deliver now-mainstream natural and organic products at lower prices than "Whole Paycheck" could offer. We all know what happened next — but the story is far from "happily ever after," as a management and operations culture clash has threatened to undermine Amazon's fast-paced changes.

Fighting Back

In 2017, 21 companies filed for bankruptcy, a new high, noted Andrew Appel, president and CEO of IRI, at the Chicago-based analytics company's recent annual summit in Las Vegas. Joining the list in 2018 were two regional grocery retailers, upstate New York's Tops Markets and Southeastern Grocers (SEG), based in Jacksonville, Fla.

And while the wedding of Amazon and Whole Foods certainly "set off a bomb in our industry," as Appel remarked, it wasn't the sole or even the leading cause of these grocers' financial challenges: Tops faced a burdensome debt structure, and SEG was continuing to reinvent itself after filing twice previously for bankruptcy since 2005 as it has struggled in a highly competitive and overstored Southeast.

For its part, SEG has been quite busy during its latest reorganization, thinning its store count with sell-offs to other regional players while remodeling many locations and investing in the expansion of its Hispanic banner Fresco y Más in central Florida, plus rolling out a new loyalty program. SEG's reorganization plan reduced the grocer's debt by more than \$500 million, and after closing 94 stores, the company will continue to operate 580 stores under the Winn-Dixie, Bi-Lo, Harveys and Fresco y Más ban-

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ners in seven southern states.

Merger and acquisition activity is expected to continue as companies pursue partners that can not only help them more efficiently serve consumers, but also possess competencies in areas that they seek to enhance to be more competitive (like Kroger did in acquiring Harris Teeter, for its click-and-collect prowess, and Roundy's, to get fresh-savant Mariano's).

"We predict that legacy consumer and retail companies will fight back in 2018 and seek out adjacent and convergent businesses," says Bahige El-Rayes, principal at A.T. Kearney and co-author of the Chicago-based global management consulting firm's "2018 Consumer and Retail M&A Report." "Winners will be those that understand what consumers prefer and the channels they use, take a holistic view of their industry, and fearlessly pursue innovative, out-of-the-box opportunities."

One change to next year's ranking we already know: Houston-based Fiesta Mart (44th) was acquired earlier this year by Bodega Latina Corp. (48th), the California-based subsidiary of Mexican company Grupo Comercial Chedraui S.A.B. DE C.V. As *PG* reported in March, the deal will create one of the largest Hispanic-focused supermarket companies in the United States, with 122 stores in California, Arizona, Nevada, New Mexico and Texas, a region where more than half of the fast-growing U.S. Hispanic population lives.

Our drill-down into the Super 50 continues — read on ...

Methodology

Information for *Progressive Grocer*'s annual Super 50 is compiled from direct guidance from retailers and/or data sourced from public records, including 10Ks, annual reports and corporate websites. For privately held companies, results are based on information from Nielsen TDLinx, which collects and maintains store information across all channels selling consumer packaged goods.

The four categories within the Super 50 report include annual sales from the most recently concluded fiscal year, store count, top banners, and employee counts, either total or full-time equivalents. Full-time equivalent employees are the sum of regular workers, plus one-half the number of part-time employees.

Nielsen TDLinx uses Food Marketing Institute's definition of a supermarket: a grocery store with a minimum of $2 million in annual sales; its data omit sales from convenience, drug and other retail channels that may be part of total revenue for some companies. Wholesale membership clubs such as Sam's Club, Costco and BJ's Wholesale Club are also not included. Supercenters are included, but only for their grocery-equivalent merchandise. Not included are soft goods; clothing; general merchandise such as hardware, appliances, computers and auto service; and other items not common to supermarkets.

Sales estimates from Nielsen TDLinx are presented in terms of all-commodity volume (ACV), which is defined as an annualized range of the estimated retail sales volume of all items sold at a retail site that pass through the retailer's cash registers. Nielsen TDLinx's ACV is an estimate based on best available data — a directional measure to be used as an indicator of store and account size, not an actual retail sales report. All data are collected by Nielsen TDLinx from a wide range of independent sources, and then enhanced with computer modeling. Information shown is from the March 2018 database.

THE SUPER 50

2018 Rank	2017 Rank	Company	Fiscal Year-end Sales (000)	No. of Supermarkets	Top Banners	Employees (Total or Full-time Equivalents)	Website
1	1	**Walmart Inc.** Bentonville, Ark.	$159,809,000	4,248	Walmart Supercenter Walmart Neighborhood Market	1,301,178	www.walmart.com
2	2	**The Kroger Co.** Cincinnati	$79,240,200	2,787	Kroger Harris Teeter Ralphs	238,262	www.thekrogerco.com
3	3	**Albertsons Cos. Inc.** Boise, Idaho	$61,261,200	2,320	Safeway Albertsons Vons	171,809	www.albertsons.com
4	4	**Ahold Delhaize USA** Quincy, Mass.	$46,119,320	1,954	Food Lion Stop & Shop Hannaford	120,533	www.aholddelhaize.com
5	5	**Publix Super Markets Inc.** Lakeland, Fla.	$28,535,000	1,180	Publix Publix Sabor Publix GreenWise	122,170	www.publix.com
6	6	**H.E. Butt Grocery Co.** San Antonio	$16,451,500	328	H-E-B H-E-B Plus H-E-B Central Market	46,134	www.heb.com
7	9	**Amazon (as Whole Foods Market)** Seattle	$15,655,900	458	Whole Foods Market 365 By Whole Foods Market	38,768	www.wholefoodsmarket.com
8	10	**Aldi Inc.** Batavia, Ill.	$14,664,780	1,750	Aldi Food Store	27,614	www.aldi.us
9	11	**Southeastern Grocers LLC** Jacksonville, Fla.	$11,484,200	704	Winn-Dixie Bi-Lo Harveys	46,773	www.segrocers.com
10	12	**Trader Joe's Co.** Monrovia, Calif.	$10,995,660	475	Trader Joe's	9,834	www.traderjoes.com
11	7	**Meijer Inc.** Grand Rapids, Mich.	$10,615,800	235	Meijer	101,748	www.meijer.com
12	16	**Target Corp.** Minneapolis	$7,276,100	245	SuperTarget	65,093	www.target.com
13	15	**Wegmans Food Markets Inc.** Rochester, N.Y.	$6,565,000	95	Wegmans	21,608	www.wegmans.com
14	13	**Hy-Vee Inc.** West Des Moines, Iowa	$6,473,168	231	Hy-Vee	34,702	www.hy-vee.com
15	8	**Wakefern Food Corp.** Keasbey, N.J.	$6,067,880	196	ShopRite Price Rite Marketplace The Fresh Grocer	16,232	www2.wakefern.com
16	14	**Giant Eagle Inc.** Pittsburgh	$5,951,400	169	Giant Eagle Giant Eagle Market District	17,199	www.gianteagle.com
17	17	**WinCo Foods Inc.** Boise, Idaho	$5,548,400	119	WinCo	12,054	www.wincofoods.com
18	19	**Supervalu Inc.** Eden Prairie, Minn.	$4,756,700	216	Shop 'n Save Cub Foods Shoppers Food Warehouse	16,874	www.supervalu.com
19	18	**Defense Commissary Agency (DeCA)** Arlington, Va.	$4,727,580	169	DeCA Commissary	10,723	www.commissaries.com
20	20	**Smart & Final Inc.** Los Angeles	$4,267,900	323	Smart & Final Extra Smart & Final Cash & Carry/Smart & Final	4,594	www.smartandfinal.com
21	21	**Stater Bros. Markets** San Bernardino, Calif.	$4,254,900	171	Stater Bros.	6,719	www.staterbros.com
22	23	**Sprouts Farmers Market** Phoenix	$4,202,640	297	Sprouts Farmers Market	14,955	www.sprouts.com
23	22	**Save Mart Supermarkets Inc.** Modesto, Calif.	$4,137,900	207	Save Mart Lucky Store Food Maxx	13,147	www.savemart.com
24	24	**Golub Corp.** Schenectady, N.Y.	$3,813,680	134	Price Chopper Market Bistro by Price Chopper Market 32	11,750	www.pricechopper.com
25	26	**Demoulas/Market Basket** Tewksbury, Mass.	$3,394,300	79	Market Basket	8,437	www.shopmarketbasket.com

Source: Nielsen TDLinx, March 2018; *Progressive Grocer* Market Research, 2018

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26	27	**Raley's Supermarkets** West Sacramento, Calif.	$3,225,300	122	Raley's Bel Air Market Nob Hill	8,430	www.raleys.com
27	28	**Weis Markets Inc.** Sunbury, Pa.	$3,156,660	205	Weis	11,518	www.weismarkets.com
28	32	**Tops Markets LLC** Williamsville, N.Y.	$2,862,080	169	Tops Friendly Markets	12,370	www.topsmarkets.com
29	29	**Save-A-Lot/Onex Corp.** Earth City, Mo.	$2,811,380	426	Save-A-Lot	10,313	https://save-a-lot.com
30	25	**Ingles Markets Inc.** Asheville, N.C.	$2,633,540	203	Ingles Sav-Mor Foods	9,217	www.ingles-markets.com
31	31	**Schnuck Markets Inc.** St. Louis	$2,601,300	100	Schnucks Culinaria A Schnuck Market	9,433	www.schnucks.com
32	33	**Brookshire Grocery Co.** Tyler, Texas	$2,492,360	176	Brookshire's Food & Pharmacy Super 1 Foods Spring Market	7,936	www.brookshires.com
33	34	**K-VA-T Food Stores Inc.** Abingdon, Va.	$2,046,720	129	Food City Super Dollar Discount Foods	6,875	www.foodcity.com
34	35	**SpartanNash Co.** Grand Rapids, Mich.	$1,968,460	143	Family Fare Supermarket D&W Fresh Markets VG's Food Center	9,074	www.spartannash.com
35	36	**Houchens Industries Inc.** Bowling Green, Ky.	$1,938,456	377	Save-A-Lot IGA Food Giant	8,773	www.houchensindustries.com
36	37	**Big Y Foods Inc.** Springfield, Mass.	$1,860,300	71	Big Y	5,529	www.bigy.com
37	41	**Grocery Outlet Inc.** Emeryville, Calif.	$1,672,684	295	Grocery Outlet	7,854	www.groceryoutlet.com
38	39	**Bashas' Markets Inc.** Chandler, Ariz.	$1,660,360	115	Bashas' Food City AJ's Fine Foods	5,287	www.bashas.com
39	42	**Saker ShopRites Inc. (As Foodarama Supermarkets Inc.)** Freehold, N.J.	$1,482,000	29	ShopRite	3,905	www.shoprite.com
40	43	**Inserra Supermarkets Inc.** Mahwah, N.J.	$1,359,800	28	ShopRite	3,068	www.shoprite.com
41	38	**The Fresh Market Inc.** Greensboro, N.C.	$1,335,360	179	The Fresh Market	10,200	www.thefreshmarket.com
42	40	**Village Super Market Inc.** Springfield, N.J.	$1,280,500	28	ShopRite	3,058	www.villagesupermarkets.com
43	45	**Woodman's Food Markets Inc.** Janesville, Wis.	$1,274,000	16	Woodman's	2,774	www.woodmans-food.com
44	44	**Fiesta Mart Inc.** Houston	$1,259,180	64	Fiesta Mart	5,011	www.fiestamart.com
45	47	**Lowe's Pay-N-Save Food Stores Inc.** Littlefield, Texas	$1,143,636	147	Lowe's Grocery Food King Lowe's Big 8	3,803	www.lowesmarket.com
46	50	**Marc Glassman Inc.** Cleveland, Ohio	$1,067,300	58	Marc's	5,696	www.marcs.com
47	N/A	**Fareway Stores Inc.** Boone, Iowa	$1,061,320	121	Fareway	4,404	www.fareway.com
48	46	**Bodega Latina Corp.** Paramount, Calif.	$1,041,300	59	El Super	3,550	https://elsupermarkets.com
49	49	**Alex Lee Inc.** Hickory, N.C.	$1,021,280	84	Lowes Food Store Just Save	4,288	www.lowesfoods.com
50	N/A	**Coborn's Inc.** St. Cloud, Minn.	$1,013,220	53	Coborn's Cash Wise Marketplace Foods/Coborns	4,431	www.coborns.com

Source: Nielsen TDLinx, March 2018; *Progressive Grocer* Market Research, 2018