Anyone who has redeemed a coupon, filled a prescription or returned a product, has touched Inmar. We apply technology and data science to improve outcomes for consumers and those who serve them. As a trusted intermediary for over 35 years, we have unmatched access to billions of consumer and business transactions in real time. Our analytics, platforms and services enable engagement with shoppers and patients, and optimize results.
# Content

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>About this Report</td>
<td>1</td>
</tr>
<tr>
<td>Highlights</td>
<td>2</td>
</tr>
<tr>
<td>Channel Trends</td>
<td>2</td>
</tr>
<tr>
<td>Format Trends, 2016</td>
<td>3</td>
</tr>
<tr>
<td>Understanding the Previous Year</td>
<td>4</td>
</tr>
<tr>
<td>Traditional Grocery by Format</td>
<td>4</td>
</tr>
<tr>
<td>Convenience</td>
<td>4</td>
</tr>
<tr>
<td>Non-Traditional Grocery by Format</td>
<td>5</td>
</tr>
<tr>
<td>eCommerce</td>
<td>5</td>
</tr>
<tr>
<td>Industry Outlook: 2021</td>
<td>6</td>
</tr>
<tr>
<td>Effect of Inflation</td>
<td>7</td>
</tr>
<tr>
<td>Advancements in eCommerce</td>
<td>8</td>
</tr>
<tr>
<td>Time to Get Personal</td>
<td>9</td>
</tr>
<tr>
<td>The Evolution of The Future of Food Retailing</td>
<td>10</td>
</tr>
<tr>
<td>Retail Segment Definitions</td>
<td>10</td>
</tr>
<tr>
<td>Primary Sources</td>
<td>11</td>
</tr>
<tr>
<td>Contacts</td>
<td>12</td>
</tr>
</tbody>
</table>
Inmar Willard Bishop Analytics has published *The Future of Food Retailing* since 1983. The report takes a deep dive into the food retailing industry in order to identify and quantify market dynamics, trends, and behaviors. The report recaps the previous year’s activities and provides projections for the next five years in terms of market and dollar share across the following channel formats:

**Traditional Grocery Formats**
- Traditional Supermarkets
- Fresh Format
- Limited Assortment
- Super Warehouse
- Other (Small) Grocery

**Non-Traditional Grocery**
- Wholesale Club
- Supercenter/Mass
- Dollar
- Drug
- Military

**Convenience Stores**
- With Gasoline
- Without Gasoline

**eCommerce (Food and Consumables)**
- Combined Channels
In 1988, the Traditional Grocery channel still commanded the lion’s share of sales generated from grocery and consumable products. Since then the channel has lost dollar share to the Non-Traditional Grocery channel, which continues to be led by Supercenters and Wholesale Club stores such as Walmart, Costco and Sam’s Club.

Another key change agent was the rise of the millennial as the total number of these digitally-savvy consumers surpassed baby-boomers as the largest consumer segment.

Natural and organic products, having reached nearly every outlet, have become table stakes. However, many retailers continue to have great success by bridging natural and organic goods with an improved price point through their private label offerings.

Digital commerce continues to impact the majority of food-related purchases, whether through online shopping, click-and-collect, or as an information source that is reshaping the path-to-purchase.


Channel Trends

In 1988, the Traditional Grocery channel still commanded the lion’s share of sales generated from grocery and consumable products. Since then the channel has lost dollar share to the Non-Traditional Grocery channel, which continues to be led by Supercenters and Wholesale Club stores such as Walmart, Costco and Sam’s Club.

Dollar Share by Channel

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional Grocery</th>
<th>Non-Traditional Grocery</th>
<th>Convenience Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>90%</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>2006</td>
<td>50%</td>
<td>34%</td>
<td>16%</td>
</tr>
<tr>
<td>2009</td>
<td>48%</td>
<td>37%</td>
<td>16%</td>
</tr>
<tr>
<td>2015</td>
<td>46%</td>
<td>39%</td>
<td>15%</td>
</tr>
<tr>
<td>2016</td>
<td>44%</td>
<td>40%</td>
<td>16%</td>
</tr>
</tbody>
</table>

(Totals may vary slightly due to rounding) Source: Inmar Willard Bishop Analytics
## Format Trends, 2016

### Format Comparisons At A Glance: 2016 Versus 2015 (Grocery and Consumables)

<table>
<thead>
<tr>
<th>Trade Channel</th>
<th>2016 Number of Stores</th>
<th>2016 % Chg vs. 2015</th>
<th>2016 Dollar Share</th>
<th>2016 Gain/decline</th>
<th>2016 Annual Sales (Millions)</th>
<th>2016 % Chg vs. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Traditional Grocery</td>
<td>40,498</td>
<td>-3.5%</td>
<td>44.6%</td>
<td>-1.2%</td>
<td>$542,724.7</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Traditional Supermarkets</td>
<td>25,380</td>
<td>-5.8%</td>
<td>36.2%</td>
<td>-2.3%</td>
<td>$440,135.8</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Fresh Format</td>
<td>1,547</td>
<td>7.5%</td>
<td>2.3%</td>
<td>0.9%</td>
<td>$27,881.7</td>
<td>3.8%</td>
</tr>
<tr>
<td>Limited Assortment</td>
<td>4,093</td>
<td>3.8%</td>
<td>3.1%</td>
<td>0.2%</td>
<td>$37,272.6</td>
<td>5.8%</td>
</tr>
<tr>
<td>Super Warehouse</td>
<td>730</td>
<td>5.1%</td>
<td>1.9%</td>
<td>0.1%</td>
<td>$23,617.0</td>
<td>5.1%</td>
</tr>
<tr>
<td>Other (Small Grocery)</td>
<td>8,748</td>
<td>0.3%</td>
<td>1.1%</td>
<td>0.0%</td>
<td>$13,817.5</td>
<td>3.0%</td>
</tr>
<tr>
<td>Total C-Stores</td>
<td>161,052</td>
<td>0.2%</td>
<td>15.9%</td>
<td>0.5%</td>
<td>$194,045.9</td>
<td>3.2%</td>
</tr>
<tr>
<td>Convenience (w/gas)*</td>
<td>130,755</td>
<td>0.2%</td>
<td>13.6%</td>
<td>0.4%</td>
<td>$165,905.5</td>
<td>3.2%</td>
</tr>
<tr>
<td>Convenience (w/o gas)</td>
<td>30,297</td>
<td>0.2%</td>
<td>2.3%</td>
<td>0.1%</td>
<td>$28,140.4</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total Non-Traditional Grocery</td>
<td>62,634</td>
<td>2.1%</td>
<td>39.5%</td>
<td>0.8%</td>
<td>$480,228.3</td>
<td>2.6%</td>
</tr>
<tr>
<td>Wholesale Club</td>
<td>1,472</td>
<td>1.8%</td>
<td>9.0%</td>
<td>0.2%</td>
<td>$109,183.4</td>
<td>2.2%</td>
</tr>
<tr>
<td>Supercenter</td>
<td>4,106</td>
<td>2.1%</td>
<td>18.8%</td>
<td>1.0%</td>
<td>$228,331.2</td>
<td>5.6%</td>
</tr>
<tr>
<td>Dollar</td>
<td>30,496</td>
<td>4.3%</td>
<td>2.8%</td>
<td>0.1%</td>
<td>$33,757.0</td>
<td>4.2%</td>
</tr>
<tr>
<td>Drug</td>
<td>23,607</td>
<td>0.5%</td>
<td>5.1%</td>
<td>0.1%</td>
<td>$61,997.6</td>
<td>1.5%</td>
</tr>
<tr>
<td>Mass</td>
<td>2,775</td>
<td>-7.3%</td>
<td>3.5%</td>
<td>-0.5%</td>
<td>$42,626.8</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Military</td>
<td>178</td>
<td>-1.7%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>$4,332.3</td>
<td>-5.5%</td>
</tr>
</tbody>
</table>

(Totals may vary slightly due to rounding) Source: Inmar Willard Bishop Analytics

### Format Ranking by Percentage 2016 Growth/Decline Versus 2015

Source: Inmar Willard Bishop Analytics
Understanding the Previous Year

Predicting future market conditions requires a keen understanding of historical measures and insights into evolving shopper behaviors. This is particularly useful for predicting areas such as eCommerce, which has limited historical data. As informational assets increase in the digital world, separating digitally-placed orders and digitally-influenced orders from in-store purchases will create new challenges. Click-and-collect (on premise) and in-store pickup (inside the store) may further blur the lines between online and in-store purchasing behaviors.

Traditional Grocery by Format

Overall, the Traditional Grocery channel sales decreased 4.1% to $543 billion in 2016. Market share also declined 1.2% share points, bringing the channel’s total market share to 44.6%.

Traditional Supermarkets

The channel’s decline was led by the Traditional Supermarkets format, which lost 2 share points and 5.9% of sales. Traditional Supermarkets ended 2016 with 36.2% dollar share or $440 billion in sales.

Note: All formats are measured by the amount of food and consumables sold within the three channels (Traditional Grocery, Non-Traditional Grocery, and Convenience Stores).

Limited-Assortment

Limited-Assortment stores, with sales gains of 5.8%, held the top spot in terms of percentage growth (excluding eCommerce). In 2016 the format added 155 stores and reached sales of $37.3 billion.

The growth was led by German-based Aldi, which is on pace to have 2,000 stores in the U.S. by the end of 2018. Lidl, another German-based deep-discounter, will add even more growth as they enter the U.S. market.

Super Warehouse

Super Warehouse, despite its small base, performed well in 2016 with across-the-board gains in a number of stores, market share, and sales. In terms of percentage growth, the format ranked second with a percentage increase of 5.1%; just behind Limited Assortment’s 5.8%. Sales for the Super Warehouse format totaled $23.6 billion.

Other (Small Grocery)

Market share for Other (Small Grocery) remained flat; however, sales grew by 3.0%, reaching $13.8 billion.

Fresh Format

Fresh Format stores continued to experience substantial sales growth, with an increase of 3.8% to $27.9 billion.

The number of Fresh Format stores increased 7.5%, reaching more than 1,500 locations.

Established banners like Sprouts Farmers Market and Earth Fare Healthy Supermarket continue to add stores and increase shopper engagement using digital technologies such as mobile apps, digital coupons, and personalized offers.

Growth in Fresh Format was also driven by Traditional Supermarket banners converting to Fresh Format. Banners making the transition included Byerly’s, Lowes Foods, Lunds, and Mariano’s.

Convenience

Convenience Stores enjoyed sales gains of 3.2% (with gas and without gas) despite remaining somewhat flat in number of stores (+0.2%), and market share, which was up 0.4% with gas and 0.1% without gas. The increase in sales was driven largely by an expanded assortment featuring more fresh and prepared foods.

Source: Inmar Willard Bishop Analytics
Non-Traditional Grocery by Format

Sales in the Non-Traditional Grocery channel reached $480 billion, an increased of 2.6%. The top-performing formats in 2016 were Supercenter and Dollar Store with sales gains of 5.6% and 4.2%, respectively. Conversely, two formats experienced significant sales declines: Mass -12.5% and Military -5.5%.

Wholesale Club

Wholesale Club sales increased 2.2% to $109.2 billion. Costco’s comparable percentage sales growth (U.S. market) remained on par with 2015 at 4%, (Motley Fool) net sales for Costco increased 2.1%, while net income fell by 1.14%. (Costco Wholesale 2016 Annual Report)

Comparable sales for Sam’s Club in the U.S. (excluding gas) decreased 3.2%, despite increases in the number of stores from 647 in 2015 to 655 in 2016. (Walmart 2016 Annual Report). Revenue for BJ’s Wholesale Club, the nation’s third-largest wholesale club retailer, was down 6.6% versus 2015. (Google Finance)

Supercenter/Mass

Supercenter sales were up 5.6% in 2016, reaching $228.3 billion. Store counts increased 2.1% to 4,106, while market share grew by 1.0%.

Despite the continued growth of Supercenters, the Mass format experienced the sharpest decline of all channels and formats. Sales for the Mass Format were down 16.5% and store counts decreased by 7.3%.

Dollar/Extreme Value

The Dollar format continued its strong sales growth with a 4.2% increase to $33.8 billion. Store counts reached 30,496, an increase of 4.3%, while market share grew by 0.1%.

In 2016, food and consumables was the largest segment within the format, ranging from 50%-75% of total revenue. (Dollar Tree/Family Dollar 2016 Annual Report and Dollar General’s 2016 Annual Report)

Drug

Food and consumable product sales in Drug stores increased slightly to $62 billion; an increase of 1.5%. Store counts and market share had modest increases of 0.5% and 0.1%, respectively.

During the year, CVS continued its ongoing efforts to rebrand more than 1,600 Target pharmacies to CVS-branded pharmacies. In addition to the store-within-a-store model, seventy-nine Target clinic locations are being rebranded as MinuteClinics. (CVS Health)

Military

The number of military outlets decreased by 1.7%. Sales within the Military format declined 5.5%, accounting for $4.3 billion in revenue during 2016.

eCommerce

eCommerce sales for food and consumables reached $33 billion in 2016, an increase of 24.4%. While eCommerce in 2016 accounted for approximately 4% of total sales, that number will increase exponentially as more retailers accelerate their digital strategies and expand their omni-channel capabilities. For additional information pertaining to digital commerce, please refer Advancements in Ecommerce on page 8.

(Inmar Willard Bishop Analytics, eCommerce SuperStudy™)
Industry Outlook: 2021

By 2021, dollar share for the Traditional Grocery Channel will decline to 43.6%, a decrease of 1.0%. Shares for Non-Traditional Grocery will remain flat at 39.6%. The Convenience Store Channel will have an increase in shares, reaching 16.8%. However, modest changes are often masked by large fluctuations occurring within the channel. For example, the number of Traditional Supermarkets will decrease by 24.6%. This decline is offset by double-digit growth in store counts for Fresh Format, Limited Assortment, and Super Warehouse formats.

Market Share and Store Count Forecasts (Grocery and Consumables)

<table>
<thead>
<tr>
<th></th>
<th>2016 Dollar Share</th>
<th>2021 Dollar Share</th>
<th>Change in Dollar Share</th>
<th>2016 Store Counts</th>
<th>2021 Store Counts</th>
<th>% Change in Store Counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Traditional Grocery</td>
<td>44.6%</td>
<td>43.6%</td>
<td>-1.0%</td>
<td>40,498</td>
<td>36,210</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Traditional Supermarkets</td>
<td>36.2%</td>
<td>32.7%</td>
<td>-3.5%</td>
<td>25,380</td>
<td>19,132</td>
<td>-24.6%</td>
</tr>
<tr>
<td>Fresh Format</td>
<td>2.3%</td>
<td>2.8%</td>
<td>0.5%</td>
<td>1,547</td>
<td>2,290</td>
<td>48.0%</td>
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<tr>
<td>Limited Assortment</td>
<td>3.1%</td>
<td>4.5%</td>
<td>1.4%</td>
<td>4,093</td>
<td>4,963</td>
<td>21.3%</td>
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<tr>
<td>Super Warehouse</td>
<td>1.9%</td>
<td>2.3%</td>
<td>0.4%</td>
<td>730</td>
<td>947</td>
<td>29.7%</td>
</tr>
<tr>
<td>Other (Small Grocery)</td>
<td>1.1%</td>
<td>1.2%</td>
<td>0.1%</td>
<td>8,748</td>
<td>8,878</td>
<td>1.5%</td>
</tr>
<tr>
<td>Total C-Stores</td>
<td>15.9%</td>
<td>16.8%</td>
<td>0.9%</td>
<td>161,052</td>
<td>162,836</td>
<td>1.1%</td>
</tr>
<tr>
<td>Convenience (w/gas)*</td>
<td>13.6%</td>
<td>14.4%</td>
<td>0.8%</td>
<td>130,755</td>
<td>132,203</td>
<td>1.1%</td>
</tr>
<tr>
<td>Convenience (w/o gas)</td>
<td>2.3%</td>
<td>2.4%</td>
<td>0.1%</td>
<td>30,297</td>
<td>30,633</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total Non-Traditional Grocery</td>
<td>39.5%</td>
<td>39.6%</td>
<td>0.1%</td>
<td>62,634</td>
<td>70,407</td>
<td>12.4%</td>
</tr>
<tr>
<td>Wholesale Club</td>
<td>9.0%</td>
<td>9.7%</td>
<td>0.8%</td>
<td>1,472</td>
<td>1,613</td>
<td>9.6%</td>
</tr>
<tr>
<td>Supercenter</td>
<td>18.8%</td>
<td>19.7%</td>
<td>0.9%</td>
<td>4,106</td>
<td>4,560</td>
<td>11.1%</td>
</tr>
<tr>
<td>Dollar</td>
<td>2.8%</td>
<td>2.8%</td>
<td>0.0%</td>
<td>30,496</td>
<td>37,964</td>
<td>24.5%</td>
</tr>
<tr>
<td>Drug</td>
<td>5.1%</td>
<td>4.6%</td>
<td>-0.5%</td>
<td>23,607</td>
<td>24,202</td>
<td>2.5%</td>
</tr>
<tr>
<td>Mass</td>
<td>3.5%</td>
<td>2.5%</td>
<td>-1.0%</td>
<td>2,775</td>
<td>1,904</td>
<td>-31.4%</td>
</tr>
<tr>
<td>Military</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>178</td>
<td>164</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Total All Formats</td>
<td>100%</td>
<td>100.0%</td>
<td></td>
<td>264,185</td>
<td>269,453</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

*Does not include gasoline sales.
Totals may vary slightly due to rounding. Source: Inmar Willard Bishop Analytics
Industry Outlook: 2021

2021 Format Ranking by Projected Annual Percentage Growth/Decline

Effect of Inflation

Food inflation is expected to average 2.2% over the next five years. We believe that Traditional Supermarkets sales will not keep pace, and the format will continue to lose market share as consumers spread their grocery-related purchases across multiple channels and formats.

Projected Annual Percentage Growth vs. Inflation: 2016-2021

Source: Inmar Willard Bishop Analytics
Advancements in eCommerce

In 2016, eCcommerce sales accounted for $33 billion (4%) of the $795 billion in food and beverage sales. By 2021, food and beverage sales will grow to $930 billion, and online sales will account for 8% of sales, or $70 billion.

According to a recent report by the Food Marketing Institute and Nielsen, online food shopping may reach $100 billion by 2025. The report, “The Digitally Engaged Food Shopper,” states that approximately one-fourth of American households currently purchase some groceries online and that 70% will engage in online food shopping within the next 10 years.

Rapid Adoption of Digital Commerce

Grocery eCommerce is likely to surpass these optimistic figures as food retailers come online faster than other retail sectors have done in the past. This rapid adoption is being fueled by a number of factors.

For starters, there’s the size of the prize. Sales from food and consumables (across all channels) has surpassed the trillion dollar mark. Any number followed by nine zeros garners attention, as even a small piece of a pie that size provides a relatively stagnant industry with new growth opportunities.

Another key factor for rapid adoption is the Millennial, the first generation born into the digital age. Additionally, Millennials are now the largest consumer segment and they’re in the grocer’s sweet-spot in terms of life stage. Many have successfully advanced their careers, generating more disposable income. They are also in their child-bearing years, and families with children spend as much as 60% more than two-person households.

Now add in “time” to complete the industry’s triple play: Disposable income, households with children, and time-starved parents looking for ways to maintain a healthy life balance, as well as a healthier lifestyle. The result is a boon for eCommerce whether through click-and-collect or home delivery.

New Solutions Through Advanced Analytics

Another critical factor is the ability to apply advanced analytics to big data in order to deliver new solutions that extend beyond a singular point-of-view. For example, data mining can now consider solutions holistically, i.e., solutions that bridge promotions and shopper behaviors, to supply chain efficiencies. These types of robust analytics create more choices, and “choices” represent the nucleus of effective omni-channel retailing.

eCommerce is a Basket Case

It’s true. eCommerce drives basket size and dollar ring. Below are a few pertinent facts from the Inmar Willard Bishop eCommerce SuperStudy™:

- Online orders are 4X-5X larger than brick-and-mortar orders
- Online orders average 47 units per basket and total more than $150 before fees
- Ninety-percent of online orders are for “stocking-up”
- Online shopping frequency = 18 days
- Order size is consistent across core shopper segments and households
- When shopping a retailer that offers eCommerce, households that shop online and in-store spend 29% more than households shopping in-store only

Source: Inmar Willard Bishop Analytics eCommerce Superstudy™

Related Materials

The Impact of Amazon’s Acquisition on Food Retailing
An Inmar Willard Bishop Webinar

Interview with Marc Lore, President & CEO of Walmart eCommerce, U.S.
Source: Bloomberg
Time to Get Personal

As mentioned previously, “choices” serves as the nucleus for developing effective and sustainable omni-channel strategies. But the path to success is not as easy as simply providing more choices. Trading partners will fail if they try to be all things to all consumers. The key to building market share and increasing loyalty requires one thing: relevancy. All choices must be relevant to the target audience.

Relevancy must be reinforced at every touch-point along the path-to-purchase continuum. Social media content must focus on relevant activities prior to the start of a purchase cycle. Assortment, merchandising (in-store and online), pricing, promotions, and services must all be relevant in order to influence shopper behaviors. Missing the mark in one or two areas will likely result in more “channel hopping,” which further diminishes loyalty.

Personalization Begins with Understanding Your Shopper

Personalization requires a relentless focus on shopper insights. However, this focus goes beyond the consumer’s wants, needs, and desires. For example, Inmar’s 2017 Shopper Behavior Study revealed some interesting facts regarding digital coupons. The study indicated that 53% of shoppers knew the store where they normally shop had a digital coupon program - among these, 76% participated in the program. This simple fact creates significant opportunities to improve digital engagement. Participation in the digital coupon program can nearly double simply by educating the 47% of unaware shoppers. Once engaged, behavioral data can be mined when developing targeted and personalized offers.

Use actual purchase behavior(s) to deliver customized, unique offers to:

- Increase relevancy
- Improve ROI
- Drive conversion and loyalty
- Differentiate your banner/brand

Foundational Elements for Personalization

**BIG DATA**

Aggregate transactional data from all points-of-purchase
Integrate Consumer-Decision Trees
Expand your knowledge of the path-to-purchase (in-store, online, and hybrid)
Quantify the impact of social influences
Deploy digital technologies that facilitate seamless engagement

**PROMOTION**

Remove marketing and sales boundaries to determine actual lift
Shift communication channels from traditional to digital (email, social media, apps, etc.)
Change your focus on competitive pricing to generating highly-relevant offers

**ORGANIZATIONAL STRUCTURE**

Develop a shopper-centric culture that embraces change
Apply continuous improvement measures across planning, execution, evaluation, and optimization
Look for opportunities beyond your immediate sphere of influence (supply chain, planning, etc.)
The Evolution of The Future of Food Retailing

Defining the U.S. Grocery Market (Grocery and Consumables)

The sales and SKU estimates for each of the 14 store formats include:

- All grocery items
- Non-edible grocery
- Health and beauty items, including cosmetics and general merchandise which includes, but is not limited to: greeting cards and magazines
- Alcohol
- Tobacco and some seasonal items

Excluded from the estimates are:

- Clothing
- Electronics
- Footwear
- Gasoline
- Hardlines
- Jewelry
- Knickknacks
- Prescription drugs
- Sporting goods
- Toys

Retail Segment Definitions

Traditional Grocery

Traditional Supermarkets
Stores offering a full line of groceries, meat, and produce with at least $2 million in annual sales and up to 15% of their sales in GM/HBC. These stores typically carry anywhere from 15,000 to 60,000 SKUs (depending on the size of the store), and may offer a service deli, a service bakery, and/or a pharmacy.

Fresh Format
Different from traditional supermarkets and traditional natural food stores, fresh stores emphasize perishables and offer center-store assortments that differ from those of traditional retailers—especially in the areas of ethnic, natural, and organic, e.g., Byerly’s, Lowes Foods, Lunds, Mariano’s, The Fresh Market, and Whole Foods.

Limited-Assortment Store
A low-priced grocery store that offers a limited assortment of center-store and perishable items (fewer than 2,000), e.g., Aldi, Trader Joe’s, and Save-A-Lot.

Super Warehouse
A high-volume hybrid of a large Traditional Supermarket and a Warehouse store. Super Warehouse stores typically offer a full range of service departments, perishables, and reduced prices, e.g., Cub Foods, Food 4 Less, and Smart & Final.

Other (Small Grocery)
A small corner grocery store that carries a limited selection of staples and other convenience goods. These stores generate less than $2 million in business annually.

Source: Inmar Willard Bishop Analytics
Non-Traditional Grocery

**Wholesale Club**
A membership retail/wholesale hybrid with a varied selection and limited variety of products presented in a warehouse-type environment. These ~120,000 square-foot stores have 60% to 70% GM/HBC and a grocery line dedicated to large sizes and bulk sales. Memberships include both business accounts and consumer groups, e.g., Sam’s Club, Costco, and BJ’s.

**Supercenter**
A hybrid of a large Traditional Supermarket and a Mass Merchandiser. Supercenters offer a wide variety of food, as well as non-food merchandise. These stores average more than 170,000 square feet and typically devote as much as 40% of the space to grocery items, e.g., Walmart Supercenter, SuperTarget, Meijer, and Kroger Marketplace stores.

**Dollar**
A small store format that traditionally sold staples and knickknacks, but now sells food and consumable items at aggressive price points that account for at least 20%, and up to 66%, of their volume, e.g., Dollar General, Dollar Tree, and Family Dollar.

**Drug**
A prescription-based drug store that generates 20% or more of its total sales from consumables, general merchandise, and seasonal items. This channel includes major chain drug stores such as Walgreens and CVS, but does not include stores/chains, e.g., The Medicine Shoppe that sell prescriptions almost exclusively.

Mass
A large store selling primarily hardlines, clothing, electronics, and sporting goods, but also carries grocery and non-edible grocery items. This channel includes traditional Walmart, Kmart, and Target stores, etc.

**Military**
A format that looks like a conventional grocery store carrying groceries and consumables, but is restricted to use by active or retired military personnel. Civilians may not shop at these stores (referred to as commissaries).

**eCommerce (Food & Consumables)**
Food and consumable products ordered using the internet via any device, regardless of the method of payment or fulfillment. This channel includes Amazon and Peapod as well as the eCommerce business generated by traditional brick-and-mortar retailers, e.g., Coborns (Coborns Delivers), Kroger (Clicklist), Safeway (Shop.Safeway.com), ShopRite (ShopRite from Home and ShopRite Delivers), Walmart (Walmart Grocery). The other non-traditional retail segments above include their eCommerce business.

Convenience Stores

**Convenience Store**
A small, higher-margin store that offers an edited selection of staple groceries, non-foods, and other convenience food items, e.g., ready-to-heat and ready-to-eat foods. The Convenience Store with Gas format includes only Convenience Stores that sell gasoline, e.g., ExxonMobil (On the Run), AM/PM, etc.

**Convenience Store (w/o Gas)**
Small, higher-margin Convenience Stores that don’t sell gas and offer an edited selection of staple groceries, non-foods, and other convenience food items, e.g., ready-to-heat and ready-to-eat foods. Stores such as 7-Eleven without gasoline pumps are included.

Primary Sources

While several sources were used to develop this report, the primary sources include Bloomberg, Bureau of Labor Statistics, Chain Store Guide, Defense Commissary Agency, emarketer.com, FMI, Hoovers, Inmar Willard Bishop Analytics, Internet Retailer, IRI (a Chicago-based market research firm @iriworldwide), Kantar Retail, National Association of Convenience Stores (NACS), SEC filings, Supermarket News, The Nielsen Company, and the U.S. Census.