Don't Look Down!

THE SUPER 50

The giants share the top while midsize and indie operators reach for a higher rung on the ladder.

By Jim Dudlicek, Bridget Goldschmidt and Kat Martin

Who's in the best position to eventually wind up on top of the grocery store food chain?

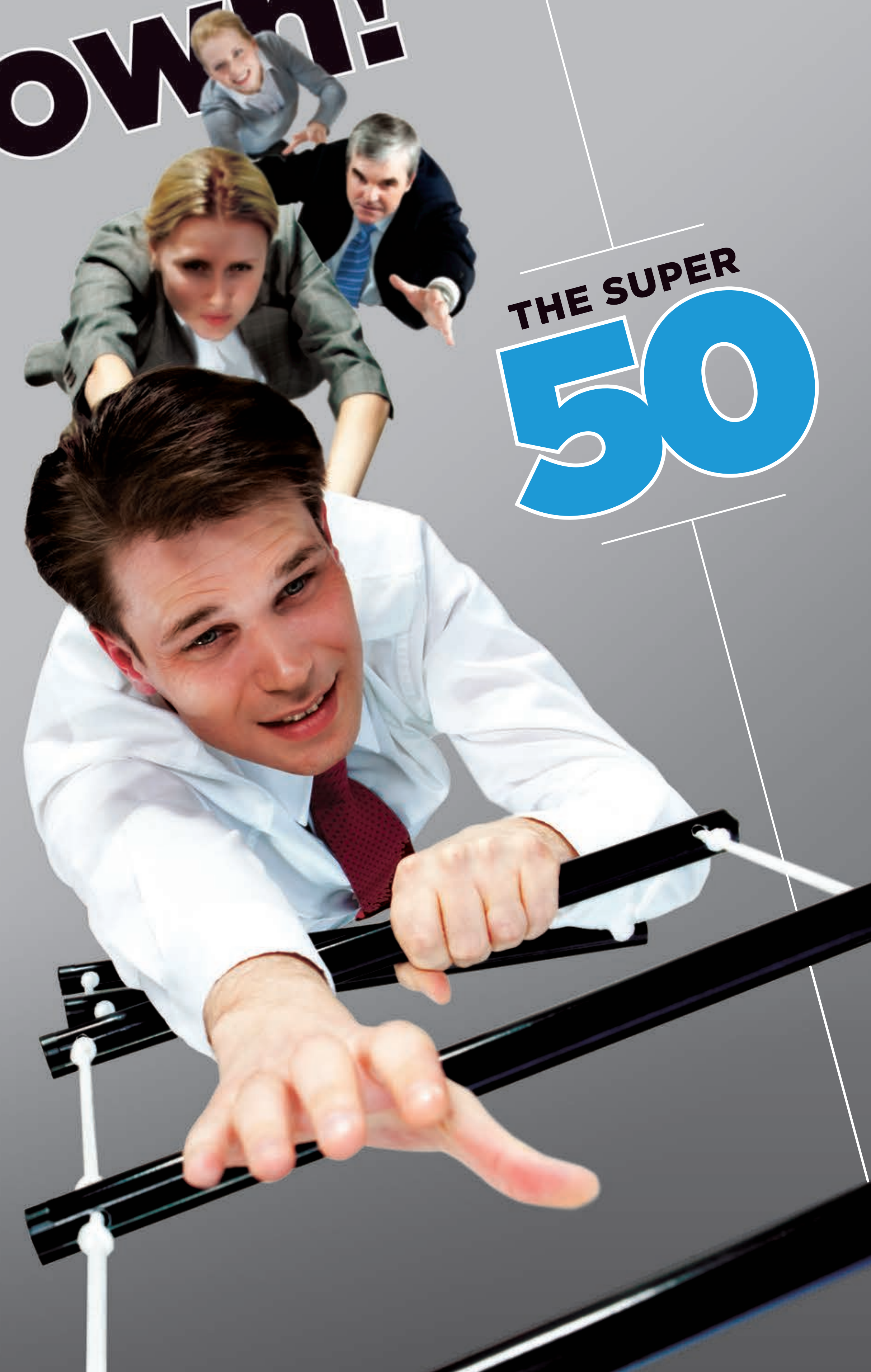
While everybody's watching Amazon, hard-discounter Aldi just edged out the Seattle e-tailer's Whole Foods Market on *Progressive Grocer's* Super 50 annual ranking of top grocers.

Remember Amazon? It premiered on the Super 50 a year ago, when the industry was all a-tremble with its acquisition of Whole Foods. Rather than sounding the death knell for traditional players, it was a kick in the pants for grocers to jump-start or accelerate investments in technology, shopper insights and omnichannel selling.

Top-of-the-heapers Walmart, Kroger and Albertsons all poured resources into things like online shopping services, home delivery, autonomous vehicles, sophisticated shopping apps and strategic partnerships to enhance their appeal to consumers. Meanwhile, Amazon is reportedly looking into more brick-and-mortar stores.

And amid all of the investment and high-profile activity by deep-pocketed market giants, independent grocers are putting on a show of strength through strategic investment and an ongoing commitment to customer service and the communities in which their shoppers live.

On this year's Super 50, several regional and independent operators rose through the ranks, with merger and acquisition activity creating some elbow room in the ranking.



M&A activity of the past year suggests that smaller deals will rule the day for the foreseeable future.

Deal volume and value both declined for grocery stores, but the deals completed in 2018 were 13 percent larger than those in 2017, according to “Fortifying Before the Storm,” the fourth edition of global management consulting firm A.T. Kearney’s “Consumer & Retail Merger & Acquisitions” report.

With regard to grocery, the report found that the subsector is experiencing higher premiums, with deal volume falling 18 percent, while deal value dropped by only 7 percent. The growth in 2017 was due to Amazon’s $14 billion acquisition of Whole Foods. In 2018, the average deal size was $530 million, the highest average deal size in the past 14 years, and a 13 percent increase from 2017.

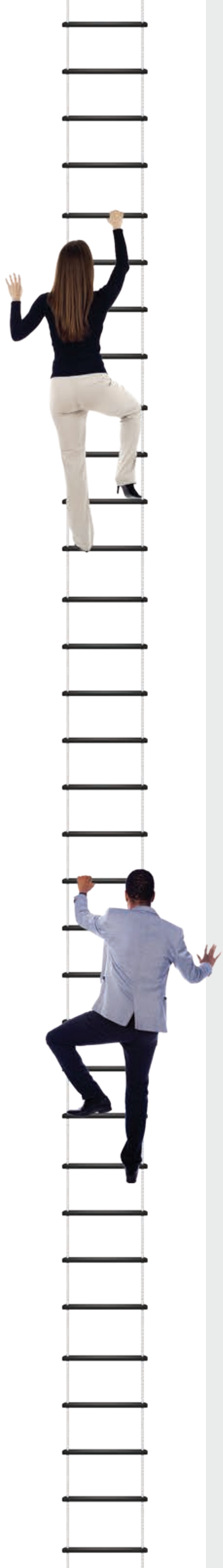
For consumer packaged goods and retail in general, the report predicted that in 2019, strategic mergers and acquisitions will replace the megadeals of recent years. Overall CPG and retail M&A activity declined from $392 billion in 2017 to $308 billion in 2018, mainly because of the lack of such megadeals.

“We see 2019 as a critical year for CPG and retail companies seeking to fill in gaps in their portfolios — notably last-mile delivery, digital capabilities and ecommerce,” noted Bahige El-Rayes, partner at Chicago-based A.T. Kearney and co-author of the report. “Companies will look for M&A activity to rebalance the portfolio to enhance, deepen, and ‘own’ the consumer experience of their brands and stores.”

Further, while investors continue to pay a premium for large targets, small targets — those below $25 million — have overtaken midsize ones in multiples. Investors are increasingly focusing on strategic deals that aim to boost legacy companies’ capabilities via the acquisition of smaller, disruptive companies. The volume of midsize deals dropped 4 percent in 2018, but their value rose 6 percent as investors sought to integrate change agents — in the form of new brands, new customers, new concepts, new capabilities and new talent — at both lower cost and risk.

A.T. Kearney’s report was based on a proprietary analysis of 2018 M&A transactional data and an opinion survey of more than 100 C-level CPG, retail and private-equity executives.

“We expect to see more divestitures happening in the next 12 months, as companies are looking to rebalance their portfolios,” observed Bob Haas, partner at A.T. Kearney and co-author of the report. “In parallel, the nature of the M&A market will shift from building economies of scale to investing in capabilities that will fortify the portfolio of CPG and retail companies.”



Methodology

Information for *Progressive Grocer*’s annual Super 50 is 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 the 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 is collected by Nielsen TDLinx from a wide range of independent sources, and then enhanced with computer modeling. Information shown is from the March 2019 database.

Additionally, *Progressive Grocer* reached out directly to each retailer to confirm data, and adjusted figures and rankings accordingly.

2019 Rank	2018 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.	$514,410,000	4,253	Walmart Supercenter Walmart Neighborhood Market	2,200,000	www.walmart.com
2	2	**The Kroger Co.** Cincinnati	$121,162,000	2,764	Kroger Harris Teeter Smith's	460,000	www.kroger.com
3	3	**Albertsons Cos. Inc.** Boise, Idaho	$62,179,000	2,275	Safeway Albertsons Vons	167,922	www.albertsons.com
4	4	**Ahold Delhaize USA** Carlisle, Pa./Quincy, Mass.	$48,090,120	1,963	Food Lion Stop & Shop Hannaford	121,069	www.aholddelhaize.com
5	5	**Publix Super Markets** Lakeland, Fla.	$36,100,000	1,215	Publix Publix GreenWise Market	201,000	www.publix.com
6	6	**H.E. Butt Grocery Co.** San Antonio	$26,000,000	331	H-E-B H-E-B Plus H-E-B Central Market	110,000	www.heb.com
7	12	**Meijer Inc.** Grand Rapids, Mich.	$17,400,000	242	Meijer	70,000	www.meijer.com
8	7	**Wakefern Food Corp.** Keasbey, N.J.	$16,500,000	352	ShopRite Price Rite Marketplace The Fresh Grocer	70,000+	www2.wakefern.com
9	9	**Aldi Inc.** Batavia, Ill.	$16,053,440	1,900	Aldi Food Store	31,500	www.aldi.us
10	8	**Amazon (as Whole Foods Market)** Seattle/Austin, Texas	$15,887,300	477	Whole Foods 365 By Whole Foods Market	40,580	www.wholefoodsmarket.com
11	10	**Trader Joe's Co.** Monrovia, Calif.	$11,665,680	486	Trader Joe's	10,151	www.traderjoes.com
12	15	**Hy-Vee Food Stores Inc.** West Des Moines, Iowa	$10,200,000	249	Hy-Vee Hy-Vee Dollar Fresh	35,129	www.hy-vee.com
13	11	**Southeastern Grocers LLC** Jacksonville, Fla.	$9,055,800	552	Winn-Dixie Bi-Lo Harveys	45,000	www.segrocers.com
14	16	**Giant Eagle Inc.** Pittsburgh	$8,900,000	474	Giant Eagle Giant Eagle Market District	32,000	www.gianteagle.com
15	13	**Target Corp.** Minneapolis	$7,402,200	241	SuperTarget Center	64,057	www.target.com
16	14	**Wegmans Food Markets Inc.** Rochester, N.Y.	$6,973,200	98	Wegmans	21,969	www.wegmans.com
17	17	**WinCo Foods Inc.** Boise, Idaho	$5,890,300	126	WinCo Foods	12,799	www.wincofoods.com
18	25	**Demoulas Super Markets Inc.** Tewksberry, Mass.	$5,200,000	79	Market Basket	5,200	www.shopmarketbaskecom
19	23	**Save Mart Supermarkets Inc.** Modesto, Calif.	$4,773,600	208	Save Mart Lucky/Lucky California FoodMaxx	13,232	www.savemart.com
20	20	**Smart & Final Inc.** Commerce, Calif.	$4,741,800	326	Smart & Final Extra! Smart Foodservice Warehouse Smart & Final	3,652	www.smartandfinal.com
21	19	**Defense Commissary Agency (DeCA)** Fort Lee, Va.	$4,700,000	236	Commissary	13,000+	www.commissaries.com
22	22	**Sprouts Farmers Market** Phoenix	$4,613,440	322	Sprouts Farmers Market	16,233	www.sprouts.com
23	21	**Stater Bros. Markets** San Bernardino, Calif.	$4,380,000	172	Stater Bros.	17,000	www.staterbros.com
24	30	**Ingles Markets Inc.** Black Mountain, N.C.	$4,092,877	200	Ingles Sav Mor Foods/Ingles Markets	9,160	www.ingles-markets.com
25	24	**Golub Corp.** Schenectady, N.Y.	$3,841,500	133	Price Chopper Market 32	11,665	www.pricechopper.com

Sources: Nielsen TDLinx, March 2019; *Progressive Grocer* Market Research, 2019

2019 Rank	2018 Rank	Company	Fiscal Year-end Sales (000)	No. of Supermarkets	Top Banners	Employees (Total or Full-time Equivalents)	Website
26	27	**Weis Markets Inc.** Sunbury, Pa.	$3,500,000	200	Weis Market	11,410	www.weismarkets.com
27	26	**Raley's Supermarkets** West Sacramento, Calif.	$3,421,600	129	Raleys Bel Air Nob Hill Food	8,807	www.raleys.com
28	28	**Tops Markets LLC** Williamsville, N.Y.	$2,813,980	159	Tops	11,654	www.topsmarkets.com
29	29	**Save-A-Lot/Onex Corp.** Earth City, Mo.	$2,760,004	423	Save A Lot	10,414	https://save-a-lot.com
30*	N/A	**United Natural Foods Inc. (UNFI)** Providence, R.I.	$2,704,260	102	Cub Foods Shoppers Food Warehouse	9,422	www.unfi.com
31	31	**Schnuck Markets Inc.** St. Louis	$2,700,000	118	Schnucks	10,101	www.schnucks.com
32	32	**Brookshire Grocery Co.** Tyler, Texas	$2,587,260	181	Brookshire Super 1 Foods/Brookshire Spring Market	8,391	www.brookshires.com
33	35	**SpartanNash Co.** Byron Center, Mich.	$2,495,740	158	FamilyFare Supermarket Martin's Super Markets D&W Fresh Market	10,753	www.spartannash.com
34*	48	**Bodega Latina Corp.** Paramount, Calif.	$2,354,300	125	El Super Fiesta Mart	9,266	https://elsupermarkets.com
35	33	**K-VA-T Food Stores Inc.** Abingdon, Va.	$2,083,640	130	Food City Super Dollar Discount Foods	6,897	www.foodcity.com
36	37	**Big Y Foods Inc.** Springfield, Mass.	$1,946,100	72	Big Y	5,608	www.bigy.com
37	36	**Houchens Industries Inc.** Bowling Green, Ky.	$1,869,868	355	Save-A-Lot IGA Food Giant	8,298	www.houchensindustries.com
38	34	**Grocery Outlet Inc.** Emeryville, Calif.	$1,863,940	322	Grocery Outlet Bargain Market	8,661	www.groceryoutlet.com
39	38	**Bashas' Markets Inc.** Chandler, Ariz.	$1,730,300	115	Bashas' Food City AJ's Fine Foods	5,201	www.bashas.com
40	39	**Saker ShopRites Inc.** Freehold, N.J.	$1,605,500	32	ShopRite	4,261	www.shoprite.com
41	42	**Village Super Market Inc.** Springfield, N.J.	$1,318,200	30	ShopRite	3,239	www.shoprite.com
42	43	**Woodman's Food Markets Inc.** Janesville, Wis.	$1,305,200	17	Woodman's	2,998	www.woodmans-food.com
43	50	**Coborn's Inc.** St. Cloud, Minn.	$1,294,280	61	Coborn's Cash Wise Hornbacher's	5,370	www.coborns.com
44	46	**Marc Glassman Inc.** Cleveland, Ohio	$1,179,100	59	Marc's	5,859	www.marcs.com
45	45	**Lowe's Pay-N-Save Inc.** Littlefield, Texas	$1,167,296	141	Lowe's Grocery Food King	3,763	www.lowesmarket.com
46	N/A	**Rouse Enterprises LLC** Thibodaux, La.	$1,131,780	63	Rouses Market	4,174	www.rouses.com
47	47	**Fareway Stores Inc.** Boone, Iowa	$1,080,300	121	Fareway	4,412	www.fareway.com
48	40	**Inserra Supermarkets Inc.** Mahwah, N.J.	$1,068,600	25	ShopRite Price Rite Marketplace	2,201	www.shoprite.com
49	49	**Alex Lee Inc.** Hickory, N.C.	$1,049,360	84	Lowes Food Store Just Save	4,410	www.lowesfoods.com
50	41	**The Fresh Market Inc.** Greensboro, N.C.	$595,000	161	The Fresh Market	5,789	www.thefreshmarket.com

Sources: Nielsen, *Progressive Grocer* Research
*Company merger/acquisition

Room to Grow

As the grocers at the top of the list duke it out for industry dominance, those lower down in the rankings experience more fluidity, in keeping with evolving consumer expectations.

By Bridget Goldschmidt

The top six slots of *Progressive Grocer*'s 2019 Super 50 list offer no surprises in terms of position — all of the companies that ranked first through sixth last year have reclaimed their places.

But while these food retailers continue their battle for ultimate dominance over the U.S. grocery sector, those operators further down on the list are showing more movement as they strive to keep up with consumer trends.

The first inkling of this in the ranking is the swapping of places of Amazon/Whole Foods Market (down two spots to No. 10) and Aldi U.S. (holding steady at No. 9) from last year, showing the solidifying influence of limited-assortment hard discounters, with their largely private-brand offering, in the United States. While Aldi's aggressive push to open more U.S. stores has helped it maintain its top 10 ranking, arch-rival Lidl — a fellow European operator that has managed to recover its momentum after a rocky U.S. debut — now sits slightly below the Super 50, coming in at No. 56, while last year it failed to chart entirely.

Notable rises were those of Meijer, up five slots to No. 7 from last year's No. 12; Hy-Vee, up three spots to No. 12; Giant Eagle, up two spaces to No. 14; Demoulas Super Markets, operator of Market Basket stores, up seven spots to No. 18; Save Mart Supermarkets, up four rungs to No. 19; Ingles Markets, up six spots to No. 24; SpartanNash, up two rungs to No. 33; Coborn's, up seven spaces to No. 43; and Ohio independent Marc's, up two notches to No. 44, along with Rouses, new to the Super 50 at No. 46, from 51st place last year.

All of these positive moves are indicative of regional grocers more than holding their own at a time of increasing consolidation among the top players by displaying an unparalleled ability to meet the needs of the shoppers in their respective market areas, based on years spent catering to those local customers.

This regional mojo didn't work for every grocer on the list, however: Southeastern Grocers (No. 13), Wegmans (No. 16), Stater Bros. (No. 23) and K-VA-T/Food City (No. 35) were each down two spots, while Grocery Outlet slid four slots to No. 38, Inserra Supermarkets (a ShopRite operator) dropped eight spaces to No. 48 and The Fresh Market plunged nine spots to No. 50, all of these downward trends showing that competitive pressures may be taking their toll on smaller players in certain markets. Further, as Target's two-slot slip to No. 15 shows, even large national players are feeling the competitive heat.

Still, significant M&A activity was reflected in this year's Super 50 in a couple of instances. One company in particular saw a dramatic debut on the list: United Natural Foods Inc. (UNFI), which, thanks to its purchase of wholesaler/grocer Supervalu last October, roared into the rankings at No. 30. Despite industry speculation last July that UNFI would eventually divest itself of Supervalu's remaining stores, the company hasn't entirely rid itself of those banners yet, leading to the wholesaler's place on the list.

In the other major transaction, following its acquisition of Fiesta Mart last year to become the nation's largest Hispanic-focused grocer, Bodega Latina Corp. leapfrogged an astonishing 14 spots to No. 34 on the 2019 list.

What will next year's Super 50 reveal? The top six grocers will most likely remain the same, barring any huge deals as yet undone, but lower down the list should present some fascinating developments in a rapidly changing industry.

Kroger, Walmart Closing Gap on Amazon's Digital Dominance?

The omnichannel grocery race is tightening, according to Nielsen

By Jim Dudlicek

While Amazon is pushing into the grocery channel in a big way, larger traditional players that are investing in omnichannel appear to be holding their own against the ecommerce giant.

Building on its investment in Whole Foods Market, Amazon appears to be doubling down on brick and mortar, with reports that it intends to launch another grocery chain in the foreseeable future and is shopping around for a small regional group of stores.

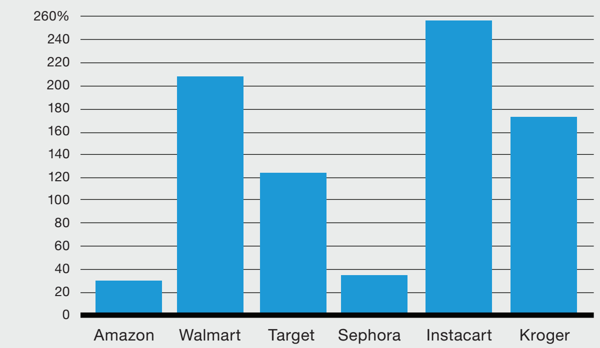
Meanwhile, giants like Kroger and Walmart continue to invest in omnichannel initiatives, leveraging their strengths in traditional retailing against innovations in online shopping, seamless experience and last-mile delivery.

Recent Nielsen ecommerce data, powered by Rakuten Intelligence, shows that Amazon's dominance in digital retail, specifically for CPG products, is slipping. In fact, over the past two years, established brick-and-mortar stores appear to have taken share back and closed the competitive gap.

"While it's no secret that traditional brick-and-mortar retailers have ensured ecommerce is part of their overall strategy, data shows that some of the biggest brick-and-mortar players have turned strategy into reality, and have posted incredible growth along the way," Nielsen reports. "In fact, key retail players like Walmart, Kroger and Target have grown their online customer base — all by at least 90 percent more than

Ecommerce Buyers

Percent growth in buyers



Source: Nielsen Total U.S. e-commerce measurement powered by Rakuten Intelligence, 52 weeks ended Jan. 31, 2019

Amazon — over the past two years."

Amazon does have significantly greater domestic buyer reach — 10 times more — than any of the other merchants, Nielsen notes, so there's not as much room to grow its buyer base. But the Chicago-based market researcher contends that's not the only reason for the rapid success of the internet giant's competitors.

"These merchants have succeeded, in part, because they've embraced the click-and-carry model where consumers buy an item online and pick it up at a physical store," the Nielsen study says. "In fact, we estimate that the share of click-and-carry sales grew from 4 percent to 11 percent of all CPG ecommerce sales in just two years."

Consumers like this model, Nielsen contends, because it gives them the confidence to expand their online shopping beyond health and beauty. In fact, the grocery and gourmet food category has logged a compound annual growth rate (CAGR) of nearly 50 percent over the past three years, just behind pet supplies, the market researcher notes.

At a high level, online penetration of consumer packaged goods is growing. Online CPG sales have increased 30 percent year over year, and 60 percent of shoppers have browsed and ordered CPG online, according to Nielsen data, while more than one-quarter (28 percent) of shoppers have purchased CPG online a few times per month.

"… Key retail players like Walmart, Kroger and Target have grown their online customer base — all by at least 90 percent more than Amazon — over the past two years."

—Nielsen

"Yet despite the increased willingness of consumers to shop online, challenges remain," the Nielsen study observes. "Twenty-nine million people began shopping for CPG products online in the past two years, yet only two-thirds of all ecommerce shoppers buy CPG products through the internet. Among the barriers that deter them, food quality tops the list."

Connecting with unreached CPG ecommerce consumers represents a massive opportunity, Nielsen asserts: "Amazon still sits on the ecommerce throne, but the competitors are circling as all battle for their piece of the omnichannel pie."

3 Ways Grocers Can Weather Disruption

A "undisruptable" model of leadership is needed.

By Benjamin Finzi and Barb Renner

The grocery sector is the poster child for the consumer- and technology-driven disruption that no longer occurs in isolated events, but rather is constant. Recently, we conducted research on leadership across industries, which may point to ways that successful CEOs can navigate these relentless changes. Looking at a few of the diverse ways disruption is showing up in the grocery sector, our research suggested that a very different model of leadership is going to be needed to become "undisruptable."

A number of less visible forces are creating tectonic shifts in grocery. For example, who'd have thought that the health craze would get to the point where the very soul of American food, the hamburger, would be disrupted? Yet Eddie Yoon, of think tank Eddie Would Grow, estimates that demand for beef could drop by 30 percent over the next 20 years, the replacement being plant-based meats that are healthier, more eco- and animal-friendly, and less perishable. Suddenly, a deeply established sector faces a threat from startups that are developing plant-based "meat" products, and grocers should adjust their thinking in regard to this event.

Looking at another macro disruptor, the University of Michigan's Transportation Research Institute has shown that the majority of 16-year-olds would prefer to be on their phones than driving cars. This suggests that rather than driving to stores to shop, this generation would prefer to order groceries online and wait for delivery. Directly or indirectly, we're seeing an uptick in online grocery shopping and a concomitant delivery imperative. Even as grocers grapple with how to excel at delivery, this disruptive broad trend calls for leaders to examine the problem with new eyes.

Grocery faces a number of other disruptions, from threats to global supply to a radically changing consumer base. Those in the industry are already grappling with many of the known threats.

Our recent research looked at how leadership might be able to approach these turbulent times. The CEOs we spoke with aspired to attitudinal changes that can yield a new model of leadership to face these colossal challenges. Can grocery leadership evolve toward undisruptability?

Become the Ultimate End-User Ethnographer

After decades of unquestioningly buying uniform center-aisle consumer packaged goods, consumers are demanding a much more personalized assortment. Sixty-five percent of consumers now purchase specialty foods, amounting to $140 billion, or roughly 16 percent of the total food industry market, according to The Specialty Food Association's "State of the Specialty Food Industry 2018."

To better understand the all-powerful consumer's tastes and changing demands, the CEOs we've spoken with described the paramountcy of becoming the ultimate end-user ethnographer of the customer — one of the key aspirational attributes of undisruptability. For the grocery CEO, this can mean possessing deep empathy for the customer, and craving insight into their most subtle habits and desires. Consider one such example: Procter & Gamble's former CEO, A.G. Lafley, who, decades ago, actually visited the basements of P&G customers and noticed that none of them opened their boxes of laundry detergent with their hands, but rather used any tool they could find, all the while telling P&G representatives that they liked the packaging. This deeper understanding of the customer's behavior led to a revolution in package design.

Embrace Ambidexterity

Grocery leaders should still appeal to loyal and longtime customers while reorienting their business to massive changes. Another keystone characteristic of undisruptability discussed by the CEOs we interviewed is a willingness to embrace this duality, which we describe as ambidexterity. To be undisruptable, you must continue striving to retain current customers while effecting the changes needed to attract new and different ones.

Consider the move toward meatless "meat" discussed above. The huge consumer base for beef isn't likely to be going away anytime soon, but in the meantime, significant market share is moving toward ecological plant-based meat substitutes. For grocery leaders, embracing ambidexterity means to relentlessly execute and optimize efficiency strategies in regard to traditional categories that have been working for decades, while simultaneously exploring or reinventing a new or significantly modified business model.

Master Disruptive Jujitsu

Within the grocery segment, market patterns are so volatile that addressing them calls for nimble maneuvering. We describe this aspirational ability of our CEO subjects as mastering disruptive jujitsu. This posture may entail rapidly sizing up a competitor's unique approach and using it against them. It may involve adopting an emerging trend from a completely different industry and applying it to one's advantage. As mentioned above, fewer young people are driving cars, which contributes to a need for ever-smarter grocery delivery services. This is an example of how a potentially threatening pattern could be recognized and turned into a competitive advantage.

There's a paradox within the ability to achieve composure amid market turmoil, a sense of fearlessness that allows the undisruptable CEO to infuse thoughtfully placed chaos into the organization to catalyze positive change. The CEOs we spoke with recognize that with the possibility of failure, there's also the opportunity to learn and forge a new way forward. Grocery can't completely "check out" from disruption's effects, but perhaps CEOs could consider taking a new attitude toward food industry challenges — identifying strengths and improving organizational weaknesses that can help them thrive and keep pace with the consumer.

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Power to the Indies

Independent grocers made strides in this year's rankings.

By Kat Martin

Taking a look at the Super 50, once you get out of the top 10, you begin to see the power of the independents.

Half of the grocery companies in the rankings are majority family-owned, employee-owned or privately held — meaning that they answer to no one but their customers. That's a loose definition of an independent grocer, and one that many of the smaller independents probably won't agree with. But it does go to the point of the power of independents in driving the industry.

And it is where most of the "action" is happening. The rankings of the top four grocers have remained unchanged for the past three years, and the top five have been the same, although some have jockeyed for position a bit, since at least 2015.

But take a look at the middle and below — that's where the real action is, especially among independent operators.

Tewksbury, Mass.-based Demoulas Super Markets has emerged from the drama of interfamily lawsuits to hit its highest ranking since 2015. It had hovered right in the middle of the pack with rankings from 25th to 27th until this year, when it leapt to 18th place. Sales this year were $5.2 billion, up from $3.4 billion last year.

But making the biggest jump among indies was Bodega Latina Corp., which jumped from No. 48 last year to No. 34 this year with sales of $2.4 billion. In last year's rankings, it barely cracked $1 billion in sales, but the number of locations jumped from 59 to 125 due to acquisitions, including the 63 stores it gained when it purchased Fiesta Mart at the end of the first quarter last year. It's now one of the largest Hispanic-themed chains in the country.

"The acquisition of Fiesta allows us to meaningfully expand into Texas via an established, well-known oper-

ator," Carlos Smith, president and CEO of Paramount, Calif.-based Bodega Latina, said at the time of acquisition. "Through the combination of the strengths of our two organizations, we will be well positioned to significantly accelerate our vision of efficiently offering high-quality products at the lowest possible prices."

While Bodega's ascent came by acquisition, sales grew by about $54 million (from the combined sales of the two chains last year), which demonstrates the split in where shoppers are choosing to spend their money. On one end of the spectrum, they're choosing specialty markets like the ones Bodega operates, while the other end is discount stores.

"The aquisition of Fiesta allows us to meaningfully expand into Texas."

—Carlos Smith,
CEO, Bodega Latina

Other independents, like Thibodaux, La.-based Rouses Supermarkets, are also benefiting from consumers' choice to shop specialty. Rouses makes its Super 50 debut this year, at No. 46. Like Bodega Latina, it has also made strategic acquisitions in recent years, including fellow independent LeBlanc's in 2016 and three locations of Frank's Supermarkets last year.

Regional and independent chains are attracting attention, many because they're often well regarded by their shoppers. The four highest-ranking grocery chains in a recent *Consumer Reports* survey were independently owned regional chains H-E-B's Central Market, Wegmans, Heinen's and Gelson's.

Central Market, as part of the San Antonio-based H.E. Butt Grocery Co., ranks sixth on *PG*'s 2019 Super 50 list, while Wegmans comes in at No. 16. Chains like these may be exactly what Amazon is looking for to expand its brick-and-mortar footprint outside of Whole Foods Market.

Amazon's acquisition of Austin, Texas-based Whole Foods was top of mind for many of last year's Super 50 companies, and this year, it's the news that the Seattle-based internet behemoth plans to launch a separate grocery chain. Word on the street indicates that this new concept could open in the Los Angeles area sometime before the end of this year, with growth coming from the acquisition of regional brands.

These smaller, independently owned regional chains have a handle on what their customers want, and have the agility to change to meet shifting demands quickly, which continues to garner them sales — and attention. **PG**

Regional Grocery Chains Top *Consumer Reports* Ranking

In *Consumer Reports*' latest ranking of grocery stores, regional chains led the pack, with H-E-B's Central Market netting the top spot, with a ranking of 91 out of 100, when it comes to overall customer satisfaction.

RANKED
91
out of 100 in customer satisfaction.

Source: *Consumer Reports*

Next was Wegmans Food Markets, with 90, followed by Heinen's, with 89. Then there was a tie among Gelson's Markets, Market Basket and Trader Joe's (the highest-ranking national chain), all scoring 87. Rounding out the top scorers was a five-way tie, at 86, for Crest Foods, Fareway Stores, New Seasons Market, Costco Wholesale and Publix Super Markets.

The list ranks the top 96 grocers, the most that the publication has ever had on the list, based on results from 75,000 *Consumer Reports* members who provided ratings of the one or two supermarkets they visit most often, according to several criteria, including cleanliness, price, food quality and variety, checkout speed and staff helpfulness, selection of healthy options and locally produced foods, and variety of international and multicultural foods.

Price was a big factor for consumers and was the No. 1 reason that they gave for no longer shopping a particular banner. Trader Joe's and Market Basket were the top-ranking stores when it came to competitive pricing.

Trader Joe's, H-E-B's Central Market and Costco all garnered top marks for quality.

This year also marked the first year that *Consumer Reports* ranked online grocery delivery services. Shipt, owned by Target, came out on top with a ranking of 79. These ratings were gathered from *Consumer Reports* members who noted in the 2018 survey that they used the services, and accounted for 7 percent of those surveyed in 2019.

The rankings for other grocery delivery services were Amazon Prime Now, which offers same-day delivery from Whole Foods Market, at 75; Peapod, with 72; FreshDirect and Instacart, tied at 70 and AmazonFresh, with 66.