

# Scott Moses Solomon Partners

## Grocery Strategic Update: *12 Things You Might Not Know...*

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September 19, 2022



# **12 Minutes.**

# **12 Things You Might Not Know...**

# Scott Moses

## Head of Grocery, Pharmacy & Restaurants Advisory Group



### Scott Moses

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Top 50: Americas M&A  
★ dealmakers

EMERGING LEADERS  
AWARDS  
40 UNDER 40 2015 WINNER

Investment Dealers' Digest  
Forty  
UNDER Forty

Scott Moses is a Managing Director, Head of the Grocery, Pharmacy & Restaurants Investment Banking Group at Solomon, and a member of the Firm's Operating Committee. He specializes in retail sector strategic and financial advice, with a focus on mergers, acquisitions, sales and divestitures of traditional and specialty food & drug retailers and restaurants.

Mr. Moses has advised clients in some of the largest and most significant retail M&A transactions over the past two decades, with a combined transaction value of over \$50 billion. He has been named to the "Top 50: Americas M&A Dealmakers" list by Global M&A Network (2013) and "40 Under 40" lists of promising finance professionals by IDD (2011) and The M&A Advisor (2015).

Mr. Moses' numerous food retail clients, many of which are family-owned, have included: **Kroger** (on its \$800 million acquisition of Roundy's); **Boxed** (on its merger with Seven Oaks Acquisition Corp.); **Imperfect Foods** (on its pending sale to Misfits Market); **Sprouts Farmers Market** (on its merger with Henry's Farmers Market, which was then owned by Apollo); **Sunflower Farmers Market** (on its merger with Sprouts Farmers Market); **New Seasons Market** (on its sale to Emart / Good Food Holdings); **Cardenas Markets (KKR)** (on its sale to Apollo); **The Save Mart Companies** (on its sales to Oak Street Real Estate Capital and Kingswood Capital); **Price Chopper / Market 32** (on its merger with Tops Markets); **Save A Lot** (on its ~\$1bn recapitalization and retail conversion store sales); **Southeastern Grocers** (on its sales of Bi-Lo to Ahold Delhaize and Alex Lee, and Rx assets to CVS and Walgreens); **El Rancho** (on its strategic growth investment by Albertsons); **Mi Pueblo** (on its sale to KKR/Cardenas); **Fairway Markets** (on its sale of stores to Village Super Market, Key Food, Amazon and Bogopa); **Kings and Balducci's** (on its sale to Albertsons); **Lucky's Market** (on its sales to various acquirers including Aldi, Publix, Southeastern Grocers, Dollar General and the founders, Bo and Trish Sharon, et. al., as well as its original strategic growth investment by Kroger); **Best Market** (on its sale to Lidl US); **Martin's Super Markets** (on its sale to SpartanNash); **Pro's Ranch Markets** (on its sale of its California Region stores to Vallarta); **Supervalu** (on its sale of Shop 'N Save to Schnuck Markets); **United Supermarkets** (on its sale to Albertsons); **Central Grocers** (on its sale of Strack & Van Til to Indiana Grocery Group and its sale of its DC to Supervalu); **Marsh Supermarkets** (on its sales to Kroger and Fresh Encounter); **Fred's** (on its sale of Rx assets to Walgreens and CVS); **Haggen Food & Pharmacy** (on the sale of its core business to Albertsons; the sale of its non-core stores to Smart & Final, Albertsons, Gelson's, Sprouts, Stater Bros., 99 Ranch and Bristol Farms, et. al.; and its previous operating company sale to Comvest Partners, family-owned real estate sale to Merlene Geier and Rx assets sale to Walgreens); and **Weis Markets** (on its sale of SuperPetz to Petco).

Mr. Moses also worked on **Cerberus'** acquisition of **Albertsons'** "non-core" stores (as part of a \$17.4 billion acquisition consortium); **Ahold's** \$7.1 billion sale of U.S. Foodservice to KKR and CD&R; **Jean Coutu's** \$3.4 billion sale of **Eckerd Drugs and Brooks Pharmacy** to Rite Aid; **Caremark's** \$22 billion merger with **CVS**; **Seven & I's** \$1.3 billion take-private of **7-Eleven**; **GameStop's** \$1.4 billion acquisition of Electronics Boutique and **GameStop's** \$700 million spin-off from **Barnes & Noble**.

Mr. Moses was previously the Head of Food, Drug and Specialty Retail Investment Banking at Sagent Advisors, prior to which he worked in the retail investment banking groups at JPMorgan, Citigroup and Dresdner Kleinwort Wasserstein (Wasserstein Perella).

Mr. Moses has been quoted numerous times as a thought leader in various business and grocery media outlets, including *Forbes*, *Reuters*, *The Wall Street Journal*, *Food Dive*, *Progressive Grocer*, *The Shelby Report*, *Supermarket News* and *Winsight Grocery*.

## Education

Mr. Moses graduated *summa cum laude* from the University of Pennsylvania, with a B.A. in Political Science. He received a J.D./M.B.A. from Columbia University, where he was a Harlan Fiske Stone Scholar and an executive editor of the *Columbia Business Law Review*.

## Not-For-Profit Affiliations

Mr. Moses sits on the Board of Directors of UpLift Solutions, a national nonprofit organization that works with food retailers, governments and other constituents to bring full-service grocery stores to underserved markets across the country.

Mr. Moses is also a Fellow of the Culinary Institute of America.

# Solomon's Grocery, Rx & Restaurants Team's Extensive Experience

<b>PENDING</b>  <b>Imperfect Foods</b> Sale To <b>Misfits Market</b> Serving As Exclusive Financial Advisor To Imperfect Foods	<b>AUGUST 2022</b>  <b>KKR</b> Sale of <b>CARDENAS</b> to <b>APOLLO</b> Served As Lead Financial Advisor To Cardenas / KKR	<b>MARCH 2022</b>  <b>SAVE MART COMPANIES</b> Sale To <b>KINGSWOOD CAPITAL MANAGEMENT</b> Served As Financial Advisor To The Save Mart Companies	<b>2020-2021</b>  <b>save a lot</b> Relicensing Conversion Sales to Various Parties Including  Served As Financial Advisor To Save A Lot	<b>DECEMBER 2021</b>  <b>BOXED</b> Merged With  <b>SEVEN OAKS ACQUISITION CORP.</b> Served As Financial Advisor To Boxed	<b>NOVEMBER 2021</b>  <b>Price Chopper</b> Merged With  <b>Tops</b> Served As Exclusive Financial Advisor To Price Chopper / Market 32 and Exclusive Financing Agent to Northeast Grocery Inc. (Parent)	<b>AUGUST 2021</b>  <b>PHARMACA</b> Sale To  <b>MEDLY</b> Serving As Financial Advisor To Pharmaca	<b>APRIL 2021</b>  <b>Southeastern Grocers</b> Sale Of BI-LO Banner & DC To  <b>Ahold Delhaize</b> <b>Walgreens</b> Served As Financial Advisor To Southeastern Grocers	<b>JANUARY 2021</b>  <b>KINGS</b> <b>BALDUCCI'S</b> Sale To  <b>Albertsons</b> Served As Financial Advisor To KB US Holdings, Inc.
<b>DECEMBER 2020</b>  <b>SAVE MART COMPANIES</b> Sale of Real Estate Assets To  <b>OAK STREET</b> Served As Financial Advisor To Save Mart	<b>JULY 2020</b>  <b>FAIRWAY</b> LIKE NO OTHER MARKET. Sale Of Stores & Distribution Center To  <b>amazon</b> Served As Financial Advisor To Fairway Market	<b>MAY 2020</b>  <b>Lucky's Market</b> Sale Of Stores To  <b>Publix</b> <b>Bo &amp; Trish Sharon</b> Served As Financial Advisor To Lucky's Markets	<b>APRIL 2020</b> <b>\$1,038,000,000</b>  <b>save a lot</b> Recapitalization and Refinancing Served As Financial Advisor To Save A Lot	<b>DECEMBER 2019</b>  <b>NEW SEASONS MARKET</b> Sale To  <b>Good Food</b> Served As Financial Advisor To New Seasons Market / New Leaf Community Markets	<b>2018 - 2019</b>  <b>fred's</b> Sale Of Selected Pharmacy Assets To  <b>CVS</b> & <b>Walgreens</b> Served As Financial Advisor To Fred's	<b>DECEMBER 2018</b>  <b>BEST MARKET</b> Sale To  <b>L+D</b> Served As Financial Advisor To Best Market	<b>DECEMBER 2018</b>  <b>Martin's</b> Count On Us! Sale To  <b>SpartanNash</b> Served As Financial Advisor To Martin's Super Markets	<b>OCTOBER 2018</b>  <b>SUPERVALU</b> Sale Of  <b>Shop n Save</b> To  <b>Schnucks</b> Served As Financial Advisor To SUPERVALU
<b>MARCH 2018</b> <b>\$305,000,000</b>  <b>APOLLO</b> Acquisition Of  <b>QDOBA</b> from <b>Jack</b> Served As Financial Advisor To Apollo	<b>FEBRUARY 2018</b> <b>\$788,000,000</b>  <b>DUFRY</b> Spin-Off Of  <b>HUDSON GROUP</b> Co-Manager	<b>NOVEMBER 2017</b>  <b>EL RANCHO</b> Strategic Investment By  <b>Albertsons</b> Served As Financial Advisor To El Rancho	<b>SEPTEMBER 2017</b>  <b>central grocers</b> Sale Of Selected Assets To  <b>SUPERVALU</b> Served As Financial Advisor To Central Grocers	<b>AUGUST 2017</b>  <b>Strack &amp; Van Til</b> Sale Of Selected Assets To <b>Indiana Grocery Group</b> Served As Financial Advisor To Strack & Van Til	<b>JULY 2017</b>  <b>marsh</b> Sale Of Selected Assets To  <b>Kroger</b> <b>FRESH ENCOUNTER</b> Served As Financial Advisor To Marsh Supermarkets	<b>DECEMBER 2016</b>  <b>Mi Pueblo FOOD CENTER</b> Sale To  <b>KKR</b> <b>CARDENAS</b> Served As Financial Advisor To Mi Pueblo Food Center	<b>NOVEMBER 2016</b>  <b>Southeastern Grocers</b> Sale Of Selected Pharmacy Assets To  <b>CVS</b> Served As Financial Advisor To Southeastern Grocers	<b>JUNE 2016</b> <b>\$106,000,000</b>  <b>Haggen</b> Sale Of Core Business To  <b>Albertsons</b> Served As Financial Advisor To Haggen
<b>APRIL 2016</b>  <b>Lucky's Market</b> Strategic Partnership With  <b>Kroger</b> Served As Financial Advisor To Lucky's Market	<b>DECEMBER 2015</b> <b>\$800,000,000</b>  <b>Kroger</b> Merger With  <b>ROUNDY'S</b> Served As Financial Advisor To Kroger	<b>DECEMBER 2015</b> <b>\$142,000,000</b>  <b>Haggen</b> Sale Of Non-Core Stores To Parties Including:  <b>Albertsons</b> <b>SmartFinal</b> <b>SPROUTS</b> <b>GELSON'S</b> <b>STATER BROS.</b> Served As Financial Advisor To Haggen	<b>NOVEMBER 2015</b>  <b>Gristedes</b> Acquisition Of Selected Assets From  <b>The Food Emporium</b> Served As Financial Advisor To Gristedes	<b>NOVEMBER 2014</b>  <b>Kroger</b> Valuation Advisory Served As Financial Advisor To Kroger	<b>MAY 2014</b>  <b>LUNDS &amp; BYERLY'S</b> (As Part Of Consortium) Acquisition Of  <b>Rainbow</b> a Subsidiary Of  <b>ROUNDY'S</b> Served As Financial Advisor To Lunds & Byerly's	<b>DECEMBER 2013</b>  <b>United supermarkets</b> Sale To  <b>Albertsons</b> Served As Financial Advisor To United Supermarkets	<b>OCTOBER 2012</b>  <b>SUNFLOWER FARMERS MARKET</b> Merger With  <b>SPROUTS FARMERS MARKET</b> Served As Financial Advisor To Sunflower Farmers Market	<b>OCTOBER 2012</b>  <b>BRIAR DEVELOPMENT COMPANY LLP</b> Sale Of Select Haggen Properties To  <b>Merlone Geier</b> Served As Financial Advisor To Briar Development
<b>MAY 2012</b>  <b>weis</b> Sale Of  <b>super pet</b> To  <b>petco</b> Served As Financial Advisor To Weis Markets	<b>JULY 2011</b>  <b>SPROUTS FARMERS MARKET</b> Merger With  <b>HENRY'S</b> Served As Financial Advisor To Sprouts Farmers Market	<b>APRIL 2011</b>  <b>Haggen</b> Sale To  <b>COMVEST PARTNERS</b> Sale Of Selected Pharmacy Assets To  <b>Walgreens</b> Served As Financial Advisor To Haggen	<b>NOVEMBER 2010</b>  <b>PRO'S RANCH MARKETS</b> Sale Of California Region To  <b>VALLARTA SUPERMARKETS</b> Served As Financial Advisor To Pro's Ranch Markets	<b>APRIL 2008</b>  <b>The Little Clinic</b> Sale Of Ownership Stake To  <b>Kroger</b> Served As Financial Advisor To The Little Clinic	<b>JUNE 2007</b> <b>\$3,400,000,000</b>  <b>JEAN COUTU</b> Sale Of  <b>SACKARD</b> <b>BROOKS</b> To  <b>RITE AID</b> Served As Financial Advisor To Jean Coutu	<b>MAY 2007</b> <b>\$7,100,000,000</b>  <b>Ahold</b> Divestiture Of  <b>CVS</b> <b>KKR</b> <b>CLAYTON DUBILIER &amp; RICE</b> Served As Financial Advisor To Ahold	<b>MARCH 2007</b> <b>\$22,000,000,000</b>  <b>CAREMARK</b> Merger With  <b>CVS</b> Served As Financial Advisor To Caremark	<b>JUNE 2006</b> <b>\$17,400,000,000</b>  <b>cerberus</b> (As Part Of Consortium) Acquisition Of Non-Core Stores Of  <b>Albertsons</b> Served As Financial Advisor To Cerberus Capital Management

Note: Includes Transactions Completed By Current Solomon Partners bankers At Previous Employers.



# 1. New York City - April 19, 2020, 2:25pm ET



# **1. The Grocery Sector as a Business School Case Study**

## **1. Macroeconomics**

- **Elevated Grocery Demand – New Normal**
- **Price Transparency**
- **Households Struggling With Extreme Food Inflation**

## **2. Microeconomics – Rise of Non-Traditional Grocery Giants**

- **Online Grocery**
- **Share of Stomach vs. Restaurants**

## **3. Corporate Finance**

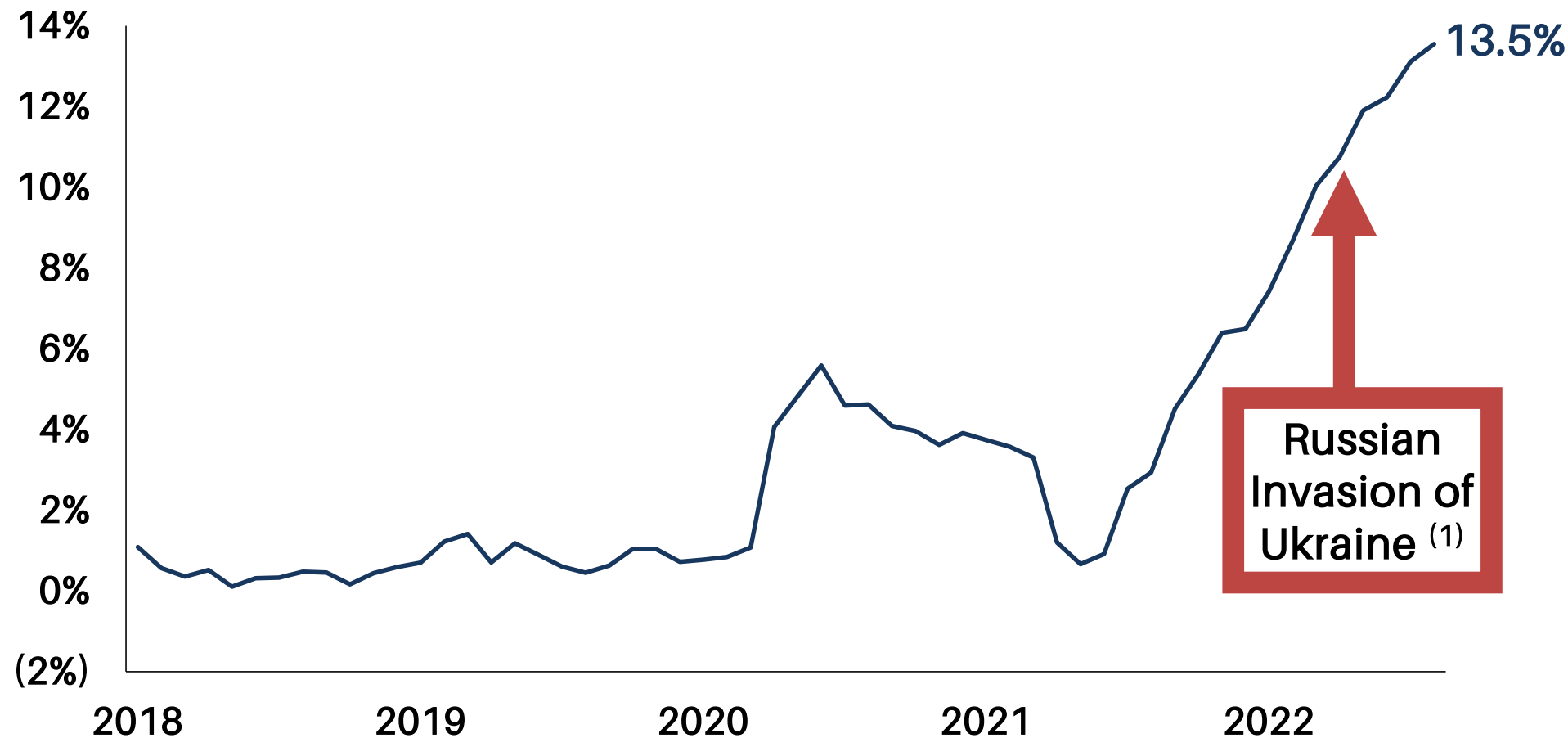
- **Relative Cost of Capital**
- **Investment Arms Race**

## **4. Fragmented Sector – Department Store Sector Parallel**

## 2. While Ukraine Supply Chain and Energy Cost Issues Have Exacerbated Food Inflation...

Grocery Giants can absorb cost inflation much better than smaller supermarket chains

### CPI Food at Home

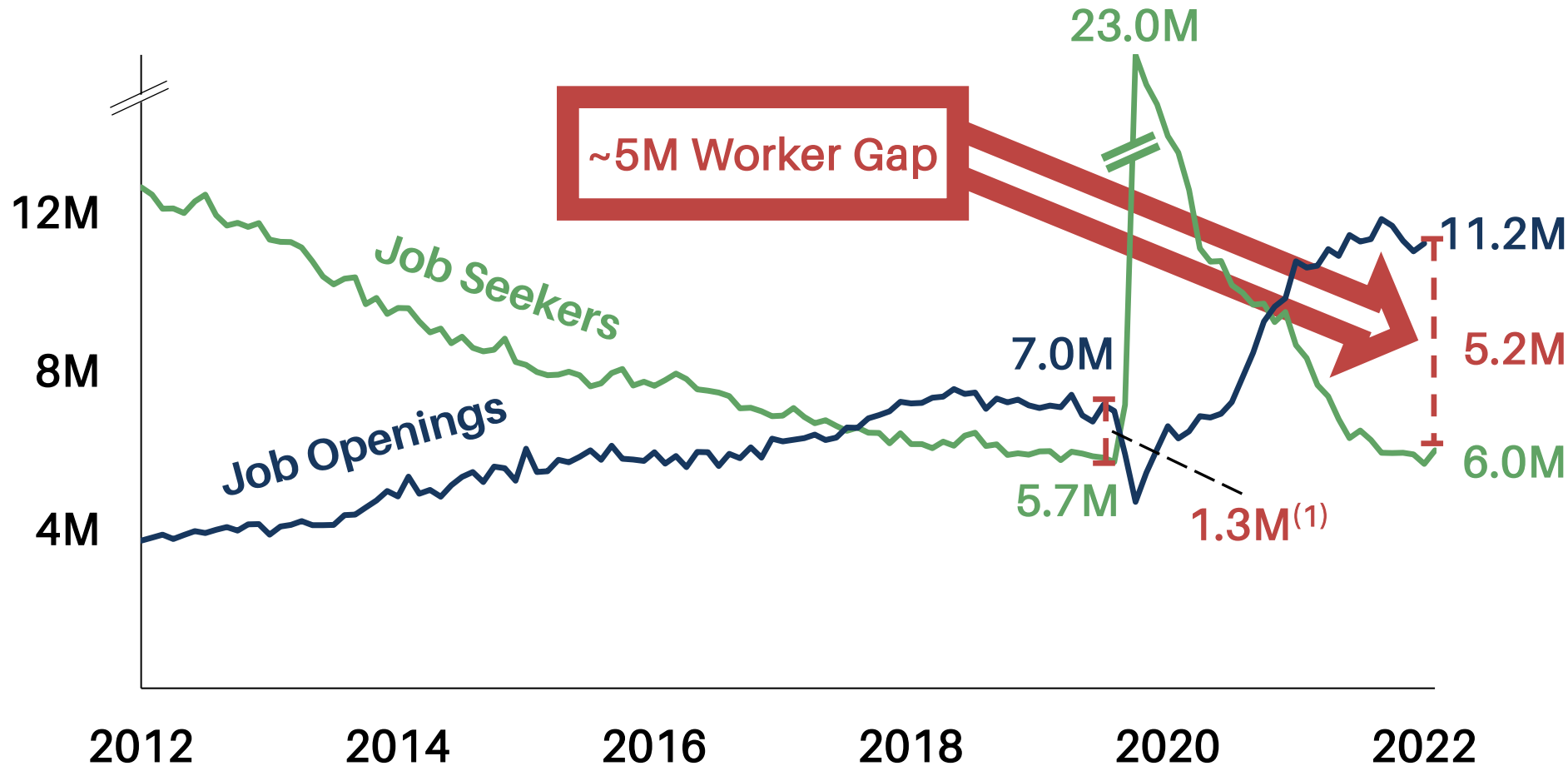


Source: Bureau of Labor Statistics and CapIQ as of September 2022.  
1) 2022 Russian Invasion of Ukraine Took Place on Thursday, February 24.

## 2. ...There Are Other Reasons For Grocery Inflation...

Job Openings currently outnumber Job Seekers by 5.2 million

### Job Openings vs. Job Seekers: 2012-Present



Source: JOLT Survey and U.S. Bureau of Labor Statistics as of September 2022.

Note: Job Openings reflects 'Total Nonfarm Job Openings.' Latest data as of July 2022. Job Seekers reflects 'Civilian Unemployment'. Latest data as of August 2022.

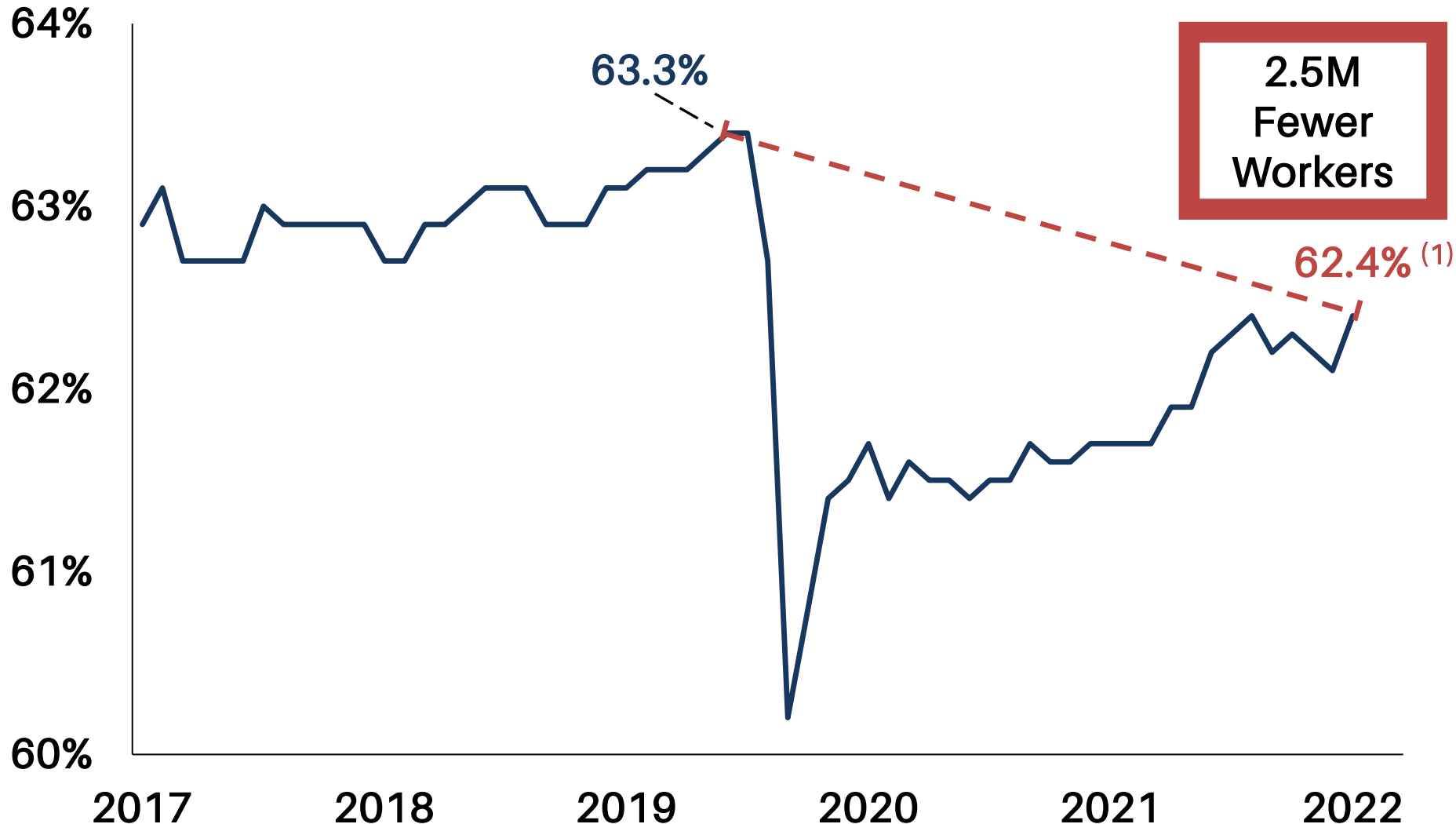
1) As of February 2020.



## 2. ...Labor Force Participation Continues to be Very Low...

If Labor Force Participation remained at December 2019 levels, we'd have 2.5 million more Job Seekers

### Labor Force Participation: 2017-Present



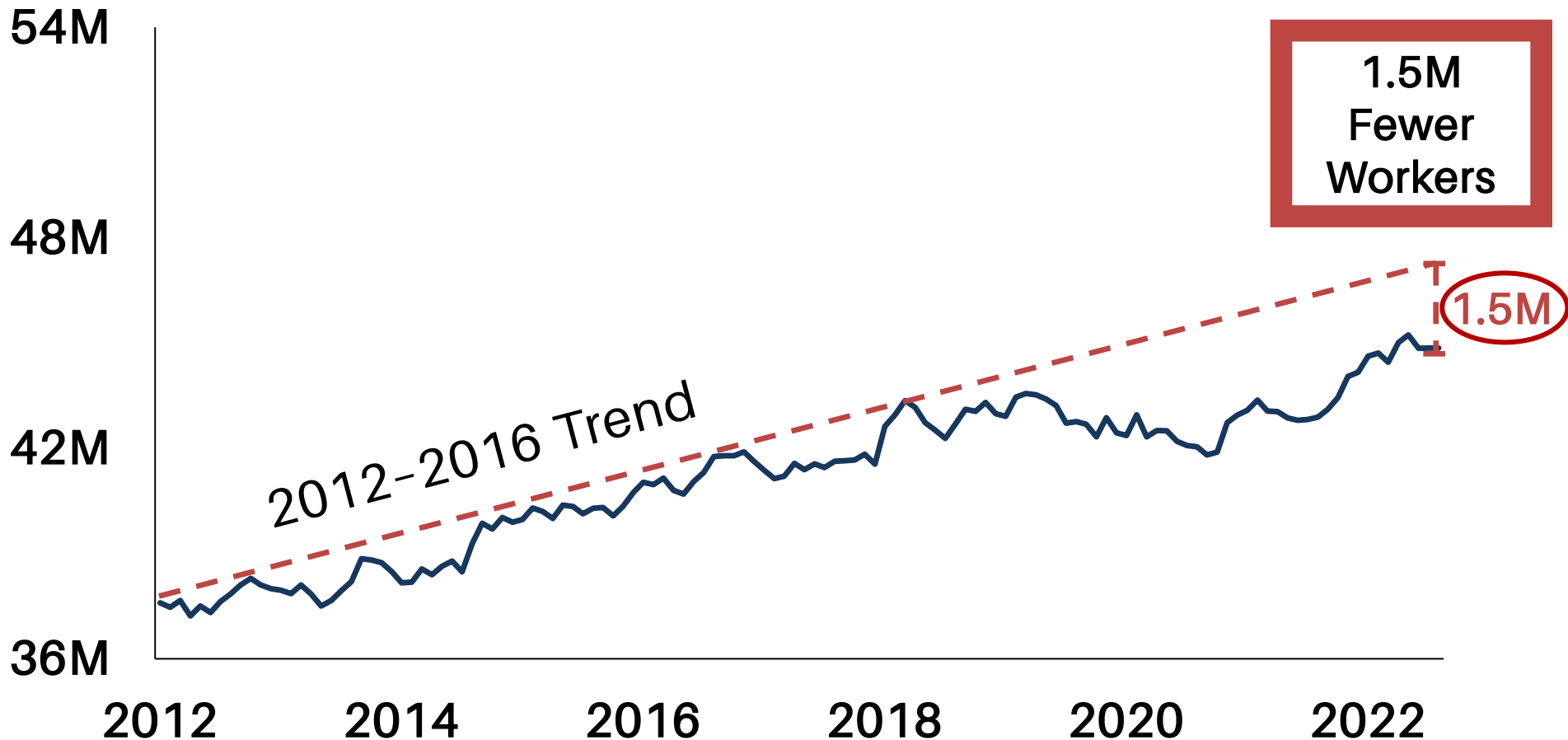
Source: JOLT Survey and U.S. Bureau of Labor Statistics as of September 2022.

1) As of August 2022.

## 2. ...Immigrant Labor Growth Has Stalled Relative to Historical Trends

There would be ~1.5 million more Job Seekers were there not material immigration dislocation from 2017 to 2021

### US Immigrant Working-Age Population: 2012-Present

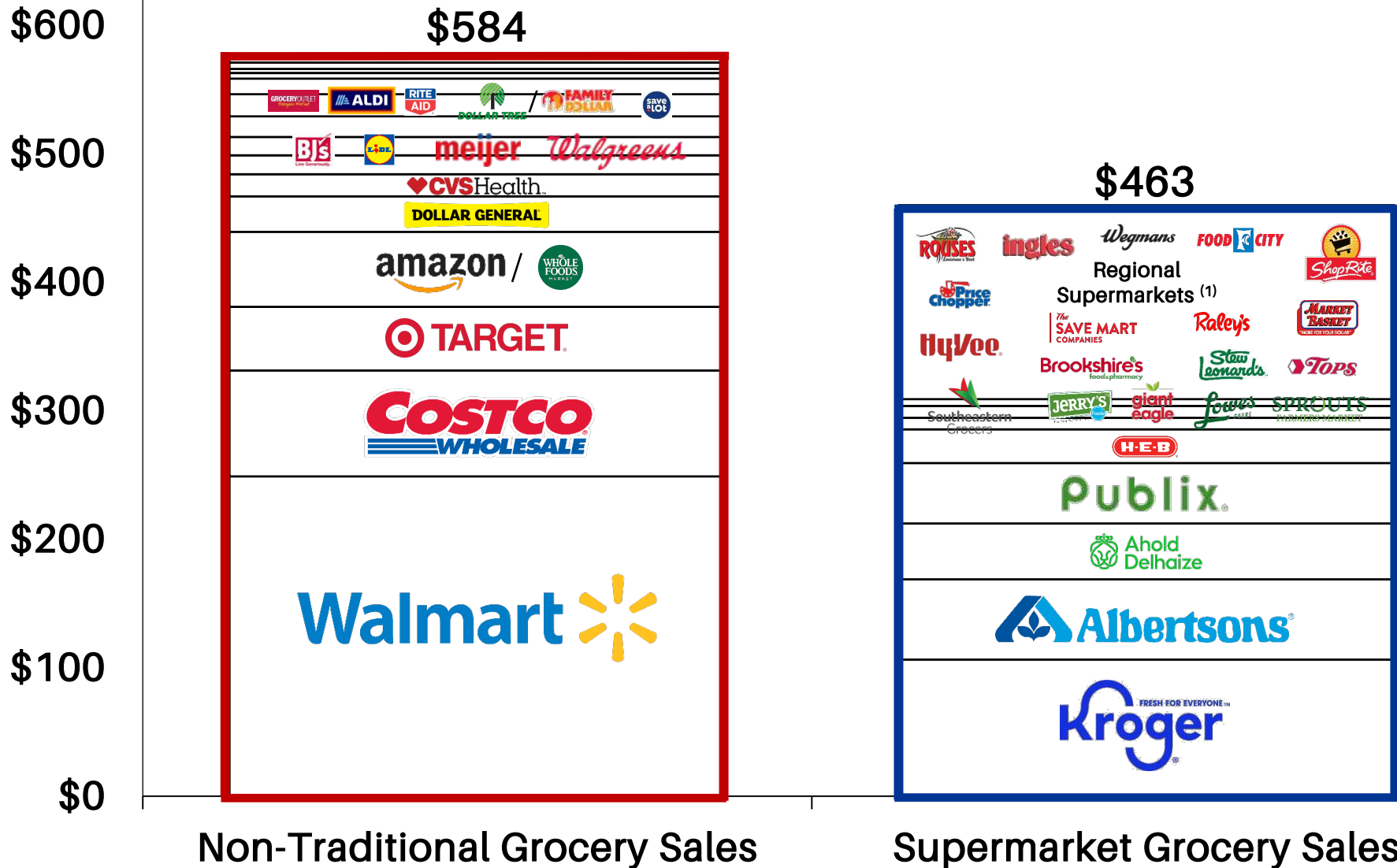


Source: FRED as of September 2022.

Note: Reflects latest available 'Foreign Born' population (Age 16 and above) data as of August 2022. Trend reflects January 2012 to December 2016.



















# 3. Non-Traditional Grocers Account for Far More Grocery Sales than Traditional Supermarkets

(\$ In Billions)



## 4. Most Top U.S. Grocers Are Not Traditional Supermarkets

(\$ In Billions)

#	Company	Grocery Sales	% Market Share
1	 / 	\$257	25%
2		\$109	10%
3		\$83	8%
4		\$62	6%
5	 / 	\$58	6%
6		\$50	5%
7		\$47	4%
8		\$44	4%
9		\$28	3%
10		\$26	3%
11		\$17	2%
12		\$17	2%
13	 / 	\$16	2%
14		\$14	1%
15		\$13	1%

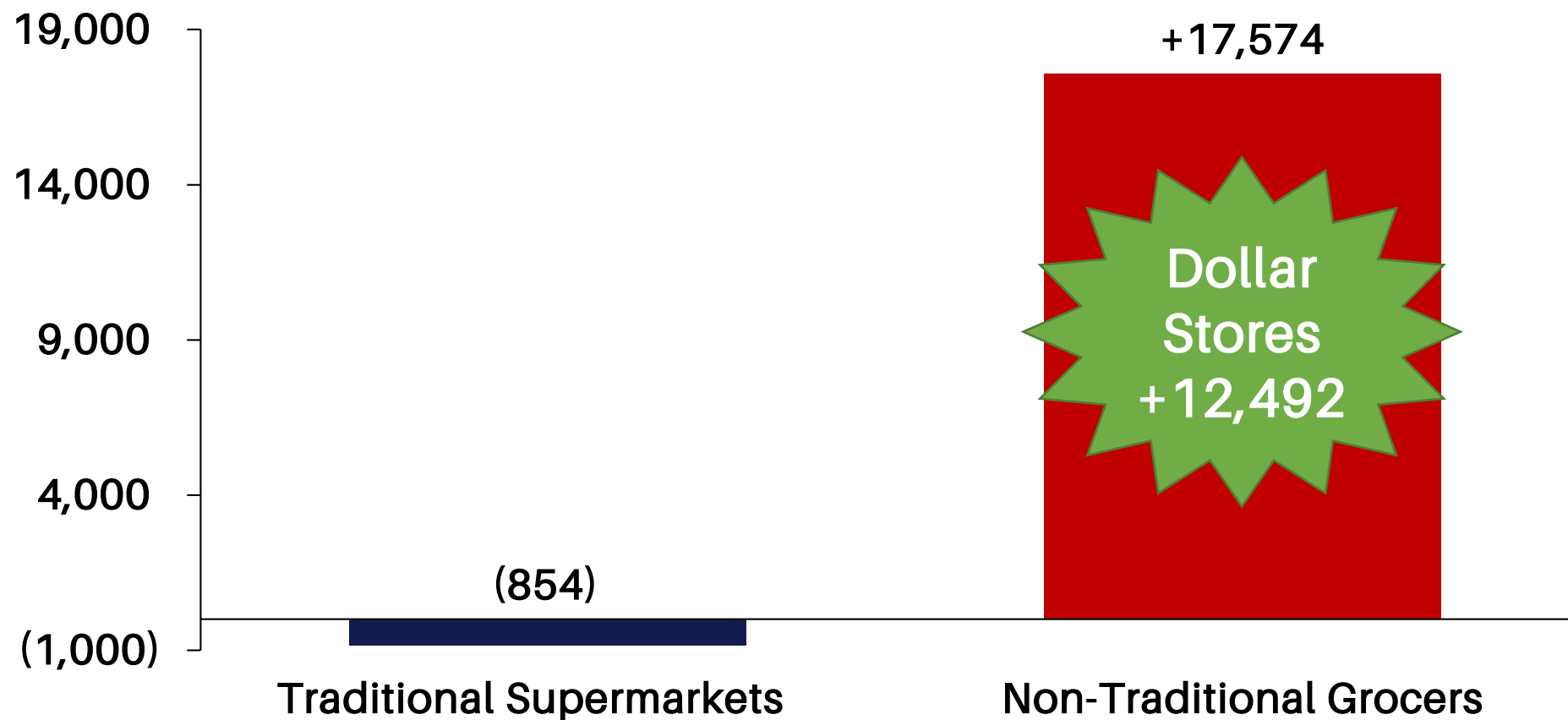
**"Non-Traditional" Grocers**

Source: Company filings and publicly available information.

Note: Food and consumables excludes pharmacy.

# 5. Non-Traditional Grocers - Particularly Dollar Stores - Are Growing Rapidly as the # of Supermarkets is Shrinking

## Change in Number of Traditional v. Non-Traditional Grocers, 2010-2020



2020 Stores: 26,065

66,165

2010 Stores: 26,919

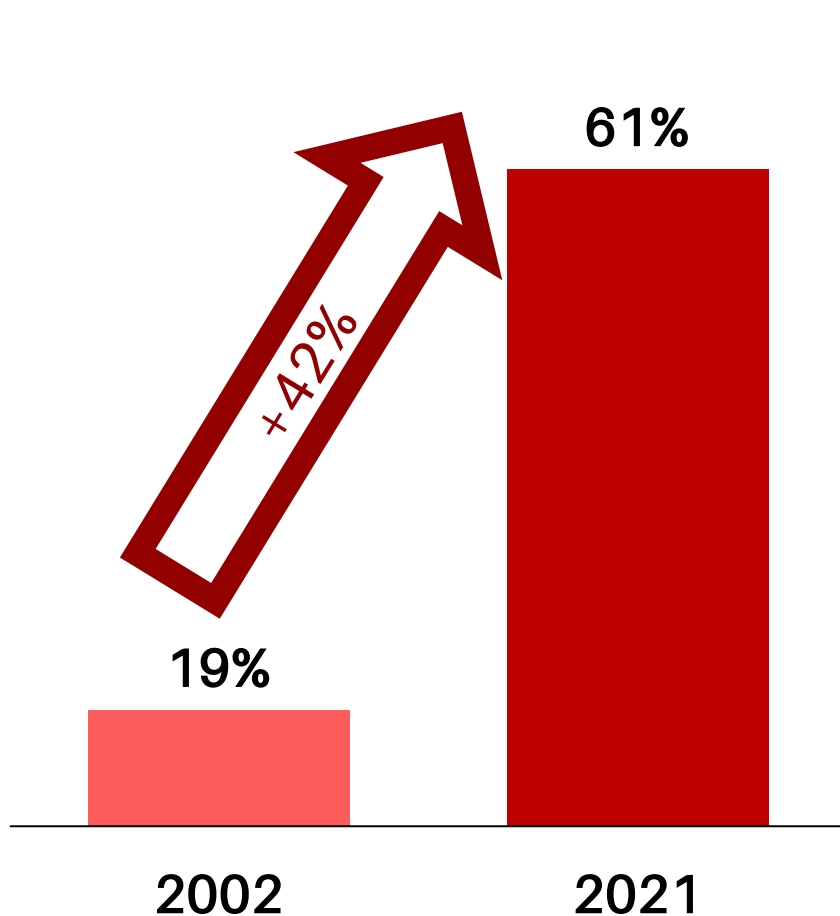
48,591

**Source:** Progressive Grocer Annual Report of the Grocery Industry, Public filings and Solomon Partners estimates.

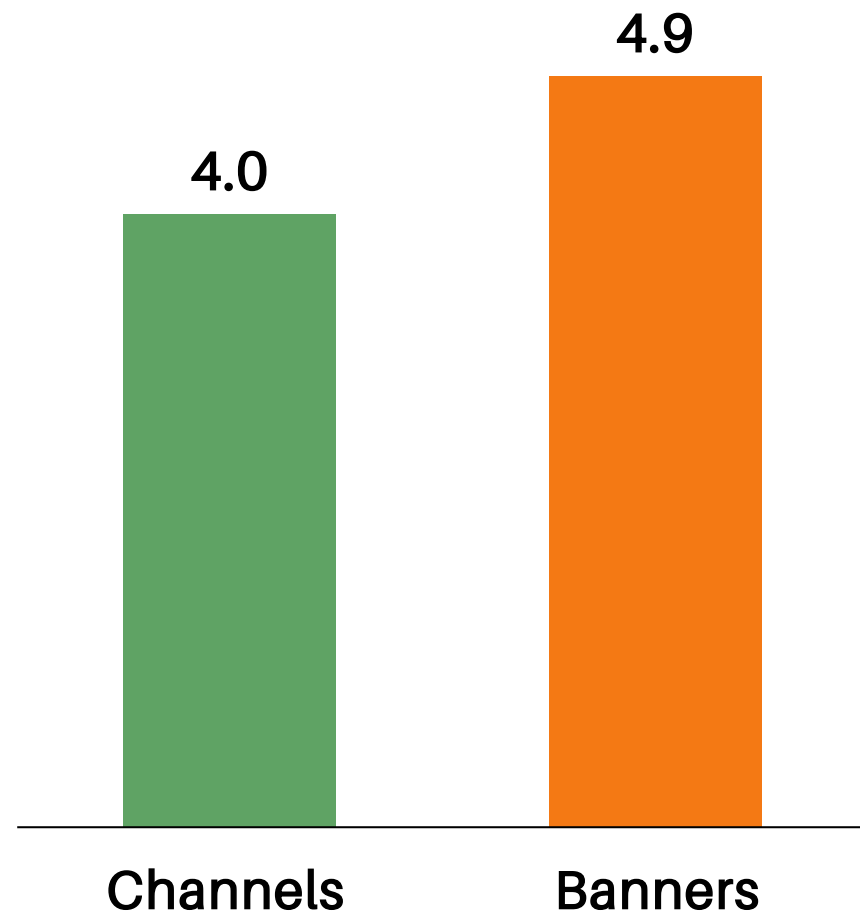
**Note:** Non-Traditional Grocers includes Club, Discount / Dollar, Drug, Natural / Gourmet and Supercenters.

## 6. Non-Traditional Grocers Are the “Primary Store” for Most Consumers, Who Shop at Multiple Channels and Banners Every Week

Non-Traditional Grocers as Shoppers’ Primary Store Channel (2002-2021)



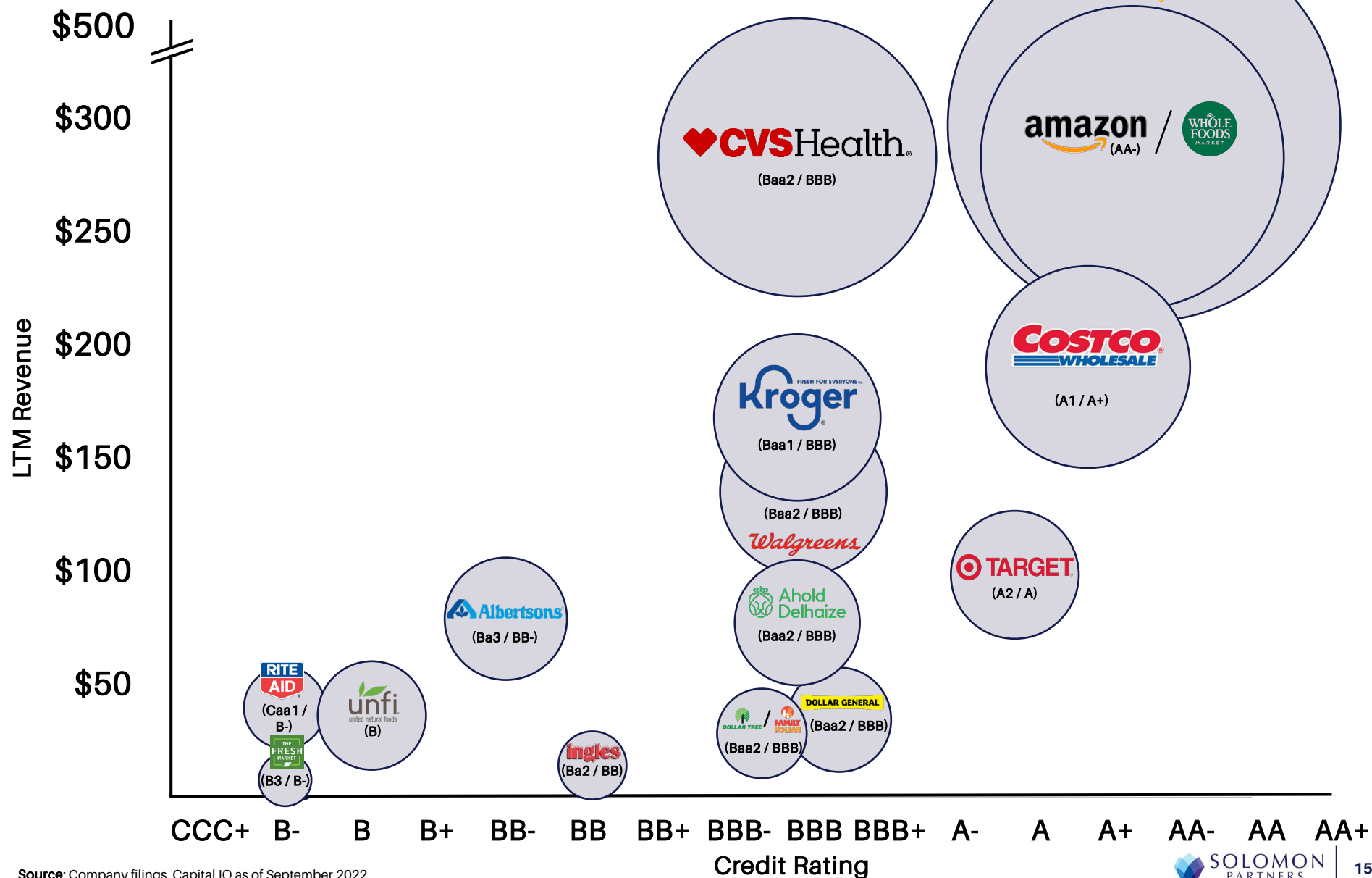
Number of Channels and Banners Shopped by Average Consumer (2021)





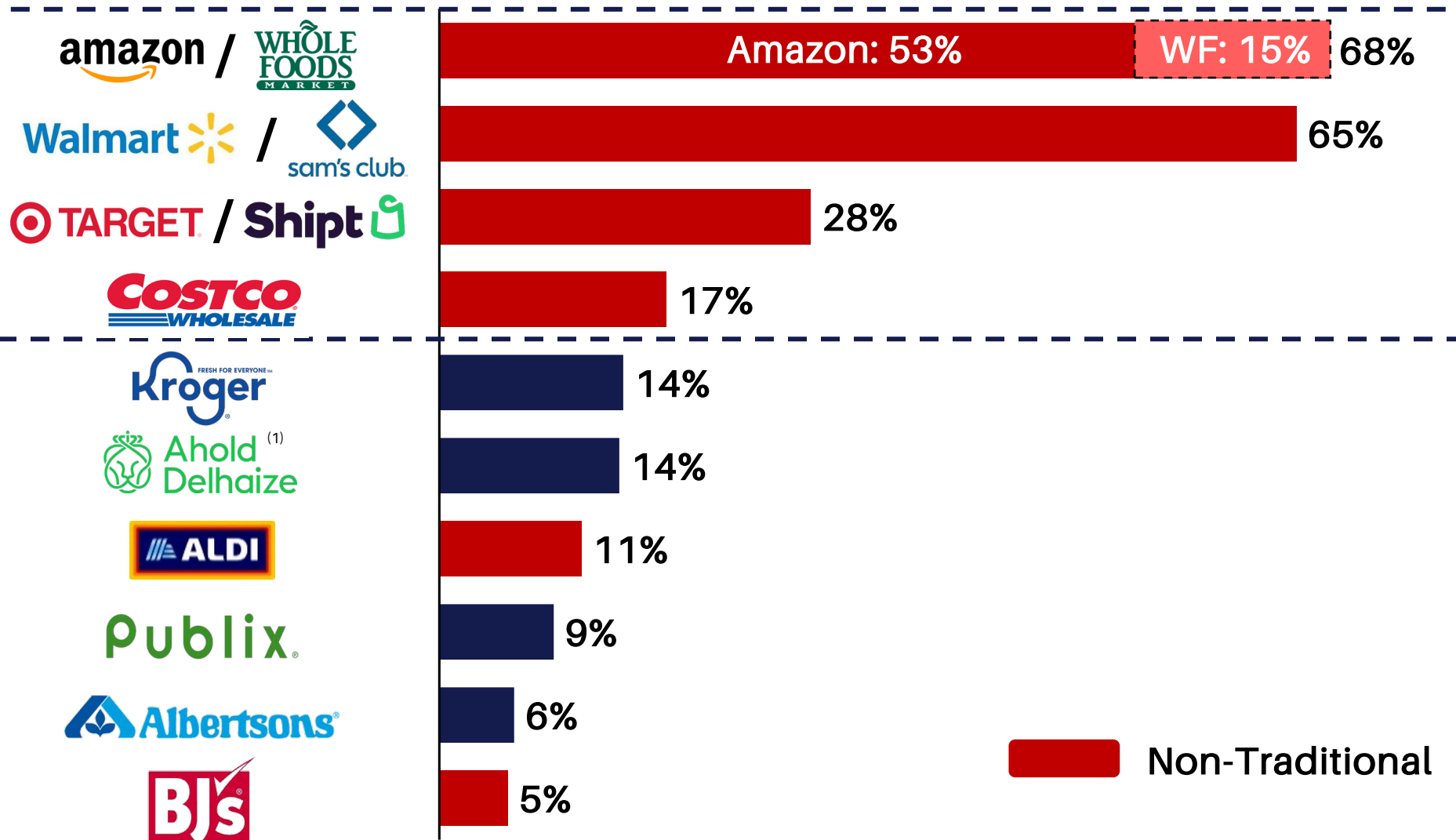
# 7. Larger Operators Generally Have a Higher Credit Rating and Lower Cost of Capital than Smaller Peers

(\$ In Billions)



# 7. Amazon / Whole Foods, Walmart, Target and Costco Dominate Online Grocery

## % of Online Grocery Penetration (LTM)



Source: Coresight Research.

1) Ahold Delhaize includes Fresh Direct and Peapod.

# 8. Amazon's Valuation Exceeds All Major Public U.S. Grocers, Combined

(\$ In Trillions)



Source: Company filings and Capital IQ as of September 2022.

1) Also includes Village, Natural Grocers, SpartanNash, United Natural Foods, Rite Aid and Grocery Outlet.

## 8. Amazon's Covid Valuation Increase is Nearly 2x All Other Grocers, Combined

### Market Cap Growth Since January 2020

(\$ in Billions)

\$442

amazon



\$235

All Other  
Public Grocers <sup>(1)</sup>

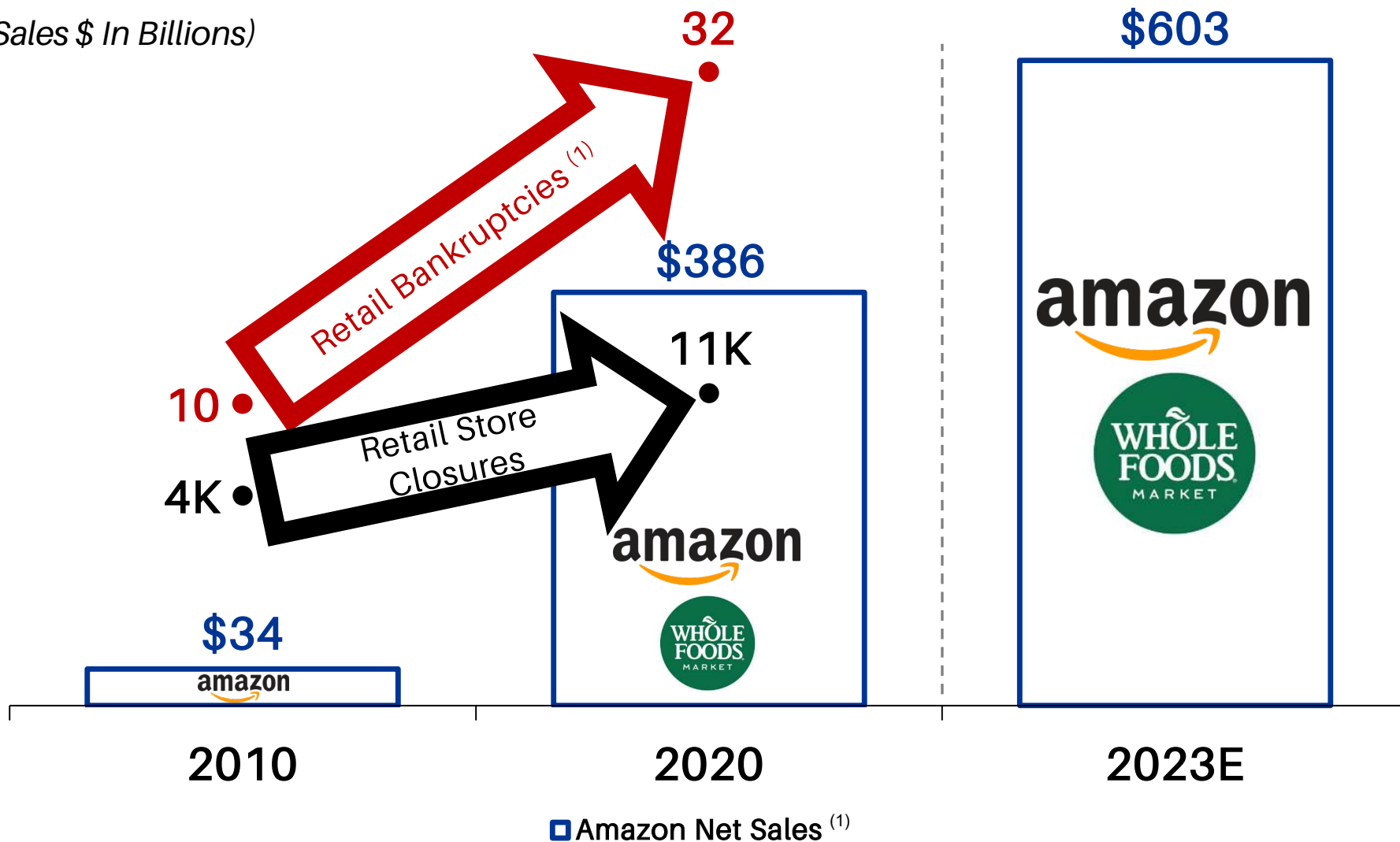
Source: Capital IQ and Company Filings as of September 2022.

1) Includes Ahold Delhaize, Albertsons, BJ's Wholesale, Costco, Dollar General, Dollar Tree, Ingles, Kroger, Natural Grocers, Sprouts, Target, Village, Walmart and Weis..

# 9. Amazon's Ascension - The Impact on Retailers

Retail Bankruptcies and Retail Store Closures continue to climb as Amazon capitalizes on pandemic-induced shifts in consumer preferences

(Sales \$ In Billions)

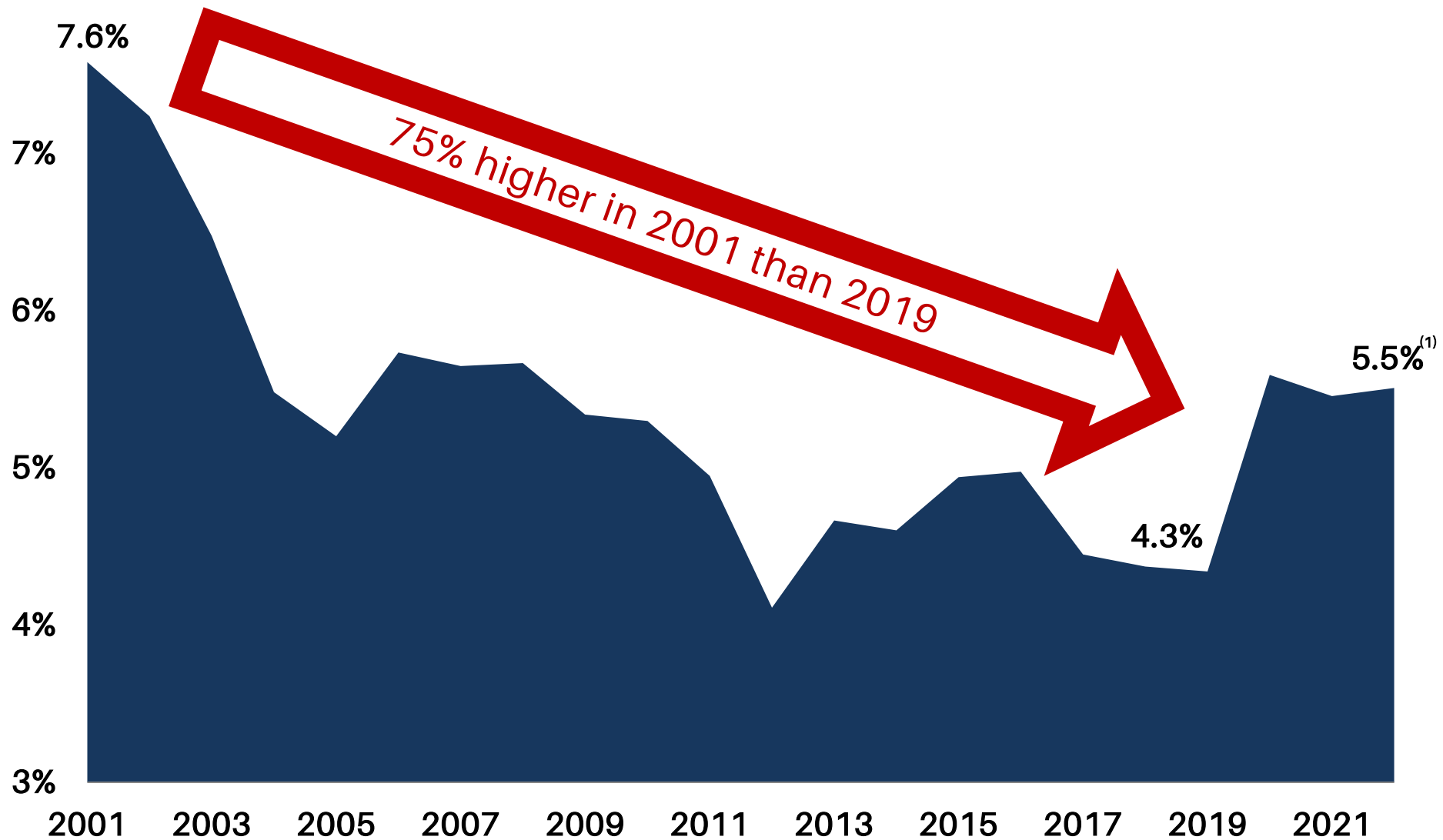


Source: Company filings, Capital IQ and other publicly available information.

Note: Bars reflect reported consolidated total net sales for AMZN.

1) Bankruptcy screen includes consumer durables and apparel, retailing, household and personal products companies with LTM revenue greater than \$100M.

## 9. Traditional Grocer EBITDA Margins Have Meaningfully Declined in the Past Twenty Years, Particularly Before Covid, the Effects of Which are Receding



Source: Capital IQ and Company filings as of September 2022. Includes A&P (until 2009), Albertsons, Ingles, Kroger, Roundy's (until 2015), Safeway (until 2014), Stater Bros (until 2013), Village and Weis.


(1) LTM figures as of September 2022.



# 9. Larger Operators, Particularly Amazon, Have Generated Extraordinary EBITDA Dollar Growth During the Pandemic

## LTM EBITDA Growth from January 2020 to September 2022

(\$ in Billions)



 Non-Traditional Grocers



Source: Capital IQ as of September 2022.

1) Represents Ahold Delhaize USA segment EBITDA.

# 10. Most of America's Largest Grocers Have Grown by Strategic Consolidation

Company	Strategic Acquisitions																	
	 2017	 2018	 2018	 NJ stores 2020	 2022	 2022												
	 1997	 2002	 2004	 2009	 2009	 2009	 2009	 2014	 2016	 investment 2018	 investment 2021	 2022	 2022					
	 2013	 2016	 2017	 2020				 1986						 1996	 1998	 2000	 2010	 2014
	 1993	 2012 (a)																
	 1983	 1990	 1998	 1998	 1998	 1999	 2001	 2007	 2013	 2015	 2015	 2015	 2017	 2017	 2017	 2018	 2018	
	 1998	 1998	 1998	 2004	 2004	 2013	 2013	 2013	 2013	 stores 2015	 2015-16	 investment 2017	 investment 2017	 2021				
	 1957	 1981	 1991	 1994	 1996	 1996	 1998	 1999	 2000	 2001	 2001	 2003	 2004	 supermarket 2012	 stores 2015	 2020	 2021	
	 1997	 2002	 2003	 2018														
	 2011	 2012																
	 2012	 2019	 2020															
	 2017	 2017	 2022															

Source: Capital IQ, Crunch Base, Pitchbook.

(a) Costco and CCM entered a joint venture in 1992 to establish a Costco branch in Mexico. Costco acquired the entire branch in 2012.

Dotted boxes represent acquisitions through one investment

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# 10. Various Private Equity Firms Have Had Great Success Investing in Grocery Consolidation

Sponsor	Relevant Investments										
 The Yucaipa Companies	 1989	 1991	 1994	 1995	 1995	 2005	 2009	 2005			
 Freeman Spogli & Co.	 1985	 1986	 1986	 1987	 1990						
	 1981	 1986	 1988	 1995	 1997	 2000	 2007	 2016	 2016	 2017	 2022
	 --	 --	 2007	 2007	 2011	 2012	 2016	 2022	 2022		
	 2006	 2013	 2013	 2013	 2015	 2015	 2017	 2017	 2020		

Source: Capital IQ, Crunch Base, Pitchbook.

a) Apollo acquired Smart &amp; Final first in 2007 and a second time in 2019.

b) Smart &amp; Final acquired Henry's in 2007 and sold it to Sprouts in 2011.

# 10. Grocery Consolidation in the Next 30 Years Likely Replicates Department Store Consolidation in the Past 30 Years

## Department Store Landscape

1990



Current



## Grocery Landscape

Current



Future



# 11. Chair Lina Khan Presciently Predicted Amazon's Rapid Grocery Growth and Consequences on Rival Grocers

## Amazon Bites Off Even More Monopoly Power

By Lina M. Khan

June 21, 2017

***“Buying Whole Foods will enable Amazon to leverage and amplify the extraordinary power it enjoys in online markets and delivery, making an even greater share of commerce part of its fief...By bundling services and integrating grocery stores into its logistics network, the company will be able to shut out or disfavor rival grocers.”***

- **FTC Chair Lina Khan, *The New York Times* Op-Ed, following Amazon's Whole Foods acquisition announcement [Emphasis added]**

Source: <https://www.nytimes.com/2017/06/21/opinion/amazon-whole-foods-jeff-bezos.html>

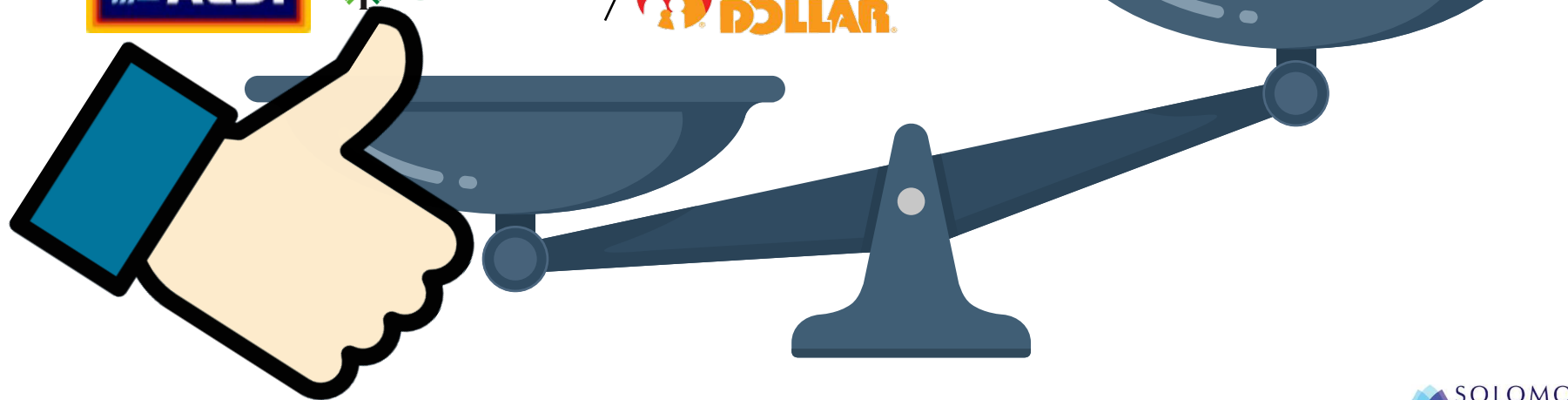


# 11. Every Day the FTC Delays Smaller Grocer Mergers Trying to Build Scale Required to Compete, They Help the “Grocery Giants” Continue to Dominate and Usurp Share

## Grocery Giants
























## Traditional Grocers



1) Regional Supermarkets includes the Top 100 grocers not shown.



# 12. Millions of Americans Rely on Good Jobs With Traditional Grocers

Grocers	Grocery Sales (\$B)	Grocery Stores	Employees
 Kroger	\$109	2,721	420,000
 Albertsons	\$62	2,273	290,000
 Publix	\$47	1,296	232,000
 Ahold Delhaize USA	\$44	2,048	239,000
 UNFI <small>BETTER FOOD. BETTER FUTURE.</small>	\$28	76	28,300
 H-E-B	\$26	319	145,000
 C&S wholesale grocers	\$25	630	13,800
 Wakefern <small>FOR YEARS</small>	\$18	361	80,000
 ALDI	\$17	2,166	25,000
 meijer	\$15	258	73,445
 TRADER JOE'S	\$13	530	10,000
 HyVee <small>Helping People Thrive</small>	\$12	285	93,000
 Associated Wholesale Grocers	\$11	N/A	5,500
 Wegmans	\$10	107	52,000
 Southeastern Grocers	\$9	419	45,000
 giant eagle	\$9	488	36,850
 WinCo FOODS	\$8	134	20,000
 MARKET BASKET	\$5	87	26,000
 SPROUTS FARMERS MARKET	\$4	378	31,000
 weis	\$4	197	24,000
 ingles	\$2	198	26,000
Other U.S. Grocers	~\$170	~12,000	~600,000
<b>Total</b>	<b>~\$650</b>	<b>~27,000</b>	<b>~2,515,000</b>

Source: Public filings, represents total U.S. employees.

# SN SUPERMARKET NEWS

## A Grocery 'Christmas Carol': The Ghost of Supermarkets' Future

*As the holidays and a new year approach, Solomon Partners' Scott Moses takes a look at supermarkets' past, present and future*

Scott Moses | Dec 20, 2021

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One of the most impactful books I read as a boy was *A Christmas Carol* by Charles Dickens. I was recently inspired to re-read the book. As many readers know, the classic story revolves around the life — and potential demise — of Ebenezer Scrooge, a mean, miserly counting house owner who only learns to appreciate the error of his ways when he is reminded of the past, sees the present from another angle and is given a horrifying glimpse into his future were he not to make amends. In this fictional world, Scrooge gets the opportunity to pivot, change his life and enhance not only his own future, but that of the good people around him, many of whom rely on him. There is bona fide wisdom in this story.

# Key Takeaways - 12 Things You Might Not Have Known

1. Macro, Micro and Cost of Capital Challenges on Grocers
2. Inflation Not Only Caused By Ukraine; Low Labor Participation and Immigration
3. Non-Traditional “Grocery Giants” – Majority of US Grocery Sales
4. 10 of 15 Top American Grocers are NOT Traditional Supermarkets
5. Dollar Grocery Stores’ Meteoric Growth
6. Non-Traditional “Grocery Giants” – “Primary Shop” >60% of Americans
7. Grocery Giants’ Very Low Cost of Capital Fueling Investment Arms Race
8. Amazon Worth More Than All Other Grocers Combined
9. Smaller Grocers Margins were 75% Higher 20 Years Ago vs. Pre-Covid
10. US Grocery Sector Today Looks Like Department Stores 30 Years Ago
11. FTC Knows Amazon Impact on Grocery; Can Help Level Grocery Playing Field
12. Millions of Americans Rely on Grocery Jobs – Pillars of Our Communities

Encore – *A ‘Grocery’ Christmas Carol: The Ghost of Supermarkets’ Future*

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