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SUPERMARKET FACTS Industry Overview 2004

Please note: data for 2004 will be released beginning in May of 2005.

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Number of employees- 2002	3.4 million
Total supermarket sales-2004	\$457.4 billion TREND
Number of supermarkets--2004 (\$2 million or more in annual sales)	34,252 TREND
Net profit after taxes, 2004/2005	1.16% TREND
Median Average Store Size in Square Feet	45,561 TREND
Weekly sales per supermarket 2004	\$260,214
Percentage of disposable income spent on food--USDA figure for 2003 food-at-home food away-from-home	6.1% 4.0 TREND
Weekly sales per square foot of selling area-2004	\$11.40
Sales per customer transaction-2004	\$24.64
Sales per labor hour-2004	\$79.77
Average # of trips per week consumers make to the supermarket-2004	2.2

- [Consumer Price Index-All Urban U.S. City Average](#)
- [Supermarket Store Sales BY Department \(% of total supermarket store sales\)](#)
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- [Weekly Household Grocery Expenses](#)
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Sources: U.S. Department of Labor, U.S. Department of Agriculture, *Progressive Grocer* magazine, U.S. Census Bureau, and Food Marketing Institute

These operating results are typical of FMI's member supermarkets. They represent average

performance based on data from a cross-section of FMI members.

Food Marketing Institute (FMI) conducts programs in research, education, industry relations and public affairs on behalf of its 1,500 member companies - food retailers and wholesalers - in the United States and around the world. FMI's U.S. members operate approximately 26,000 retail food stores with a combined annual sales volume of \$340 billion - three-quarters of all food retail store sales in the United States. FMI's retail membership is composed of large multi-store chains, regional firms and independent supermarkets. Its international membership includes 200 companies from 60 countries.

Store Definitions

By Type of Store

Grocery Store — Any retail store selling a line of dry grocery, canned goods or nonfood items plus some perishable items.

Supermarket—Any full-line self-service grocery store generating a sales volume of \$2 million or more annually

Convenience Store— Any full-line, self-service grocery store offering limited line of high-convenience items. Open long hours and provides easy access. The majority sell gasoline with an annual sales of \$2 million or more.

Independent — An operator of fewer than 11 retail stores.

Chain — An operator of 11 or more retail stores.

By Store Format

Conventional Supermarket - The original supermarket format offering a full line of groceries, meat, and produce with at least \$2 million in annual sales. Conventional stores will realize 9% of their sales in GM/HBC. These stores typically carry approximately 15,000 items, offer a service deli and frequently a service bakery.

Superstore - A larger version of the conventional supermarket with at least 40,000 square feet in total selling area and 25,000 items. Superstores offer an expanded selection of non-foods (at least 10% GM/HBC).

Food/Drug Combo - A combination of superstore and drug store under a single roof, with common checkouts. GM/HBC represents at least one-third of the selling area and approximately 15% of store sales. These stores also have a pharmacy.

Warehouse Store - A low-margin grocery store offering reduced variety, lower service levels, minimal decor, and a streamlined merchandising presentation, along with aggressive pricing. Generally, warehouse stores don't offer specialty departments, e.g., Xtra.

Super Warehouse - A high-volume, hybrid format of a superstore and a warehouse store. Super warehouse stores typically offer a full range of service departments, quality perishables, and reduced prices, e.g., Cub Foods.

Limited-Assortment Store - A "bare-bones," low-priced grocery store that provides very limited services and carries fewer than 2,000 items with limited-if any-perishables, e.g., Aldi and Sav-A-Lot.

Other - The small corner grocery store that carries a limited selection of staples and other convenience goods. These stores generate approximately \$1 million in business annually.

Convenience Store (Traditional) - A small, higher-margin store that offers an edited selection of staple groceries, non-foods, and other convenience food items, i.e., ready-to-heat and ready-to-eat foods. The traditional format includes those stores that started out as strictly convenience stores but might also sell gasoline.

Convenience Store (Petroleum-Based) - The petroleum-based stores are primarily gas

stations with a convenience store.

Non-Traditional Grocery

Hypermarket - A very large food and general merchandise store with approximately 180,000 square feet of selling space. While these stores typically devote as much as 75% of the selling area to general merchandise, the food-to-general merchandise sales ratio is typically 60/40, e.g., Bigg's.

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.

Mini-Club - A scaled-down version of the wholesale club. The mini-club is approximately one-fourth the size of a typical wholesale club and carries about 60% of the SKUs, including all of the major food and sundry departments and a limited line of merchandise (soft goods, office supplies, and opportunistic, one-time buys), e.g., Smart & Final. Some of these stores do not have membership fees and often operate as a "cash & carry."

Supercenters - A large food/drug combination store and mass merchandiser under a single roof. The 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., Wal-Mart, Kmart, Super Target, Meijer, and Fred Meyer.

Deep-Discount Drug Store - A low-margin, GM/HBC store with approximately 28,000 square feet of selling space and 25,000 SKUs. These stores typically carry fewer sizes but more GM/HBC brands than a supermarket. Food accounts for 20% of store sales, e.g., Phar-Mor and Drug Emporium.

Internet - An Internet-based grocery distribution operator. Included in this format are all Internet operators who use the Internet as the primary means of accepting grocery orders for home delivery or pickup. Also included are major food retailers that generate a portion of their sales through Internet-based sales. Internet suppliers typically offer 12,000 SKUs or more for home delivery, e.g. Peapod.

Sources: Progressive Grocer's 2003 Marketing Guidebook and Bishop Consulting, 2003 .

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