

Strong demand for private labels help Albertsons' identical sales grow 4.9%

Article

The news: Albertsons beat analysts' expectations in fiscal Q1 thanks to strong demand for private label products, a revamped loyalty program, and growing digital sales.

- The company's net sales and other revenues were \$24.05 billion, up 3.2% year-over-year (YoY), and outpacing the \$23.95 billion that analysts expected, per Refinitiv.
- It reported an adjusted earnings of 93 cents per share, which surpassed the 85 cents analysts expected.
- The company's identical sales rose 4.9% YoY, compared with an increase of 6.8% a year earlier.
- Digital sales jumped 22% YoY.

The company's strength: Albertsons is leaning into private labels.

- The company recently shared survey results that found 93% of Americans are embracing and expanding their purchases of store brands.
- Given that interest, the company in late May announced plans to consolidate its Signature Farms, Signature Care, and Signature Cafe products under the Signature Select brand. It aims to complete the consolidation and rollout, which includes a new logo, packaging, and marketing campaign, by early 2024.
- Albertsons increased membership in its loyalty program 16% during the quarter. The program is a key tool that helps the grocer compete with lower-priced mass merchants such as **Walmart**.
- One could also point to the company's digital sales growth as another strength. However, delivery and warehouse costs ate into margins, which fell to 27.7% during the quarter, down from 28.1% a year earlier.

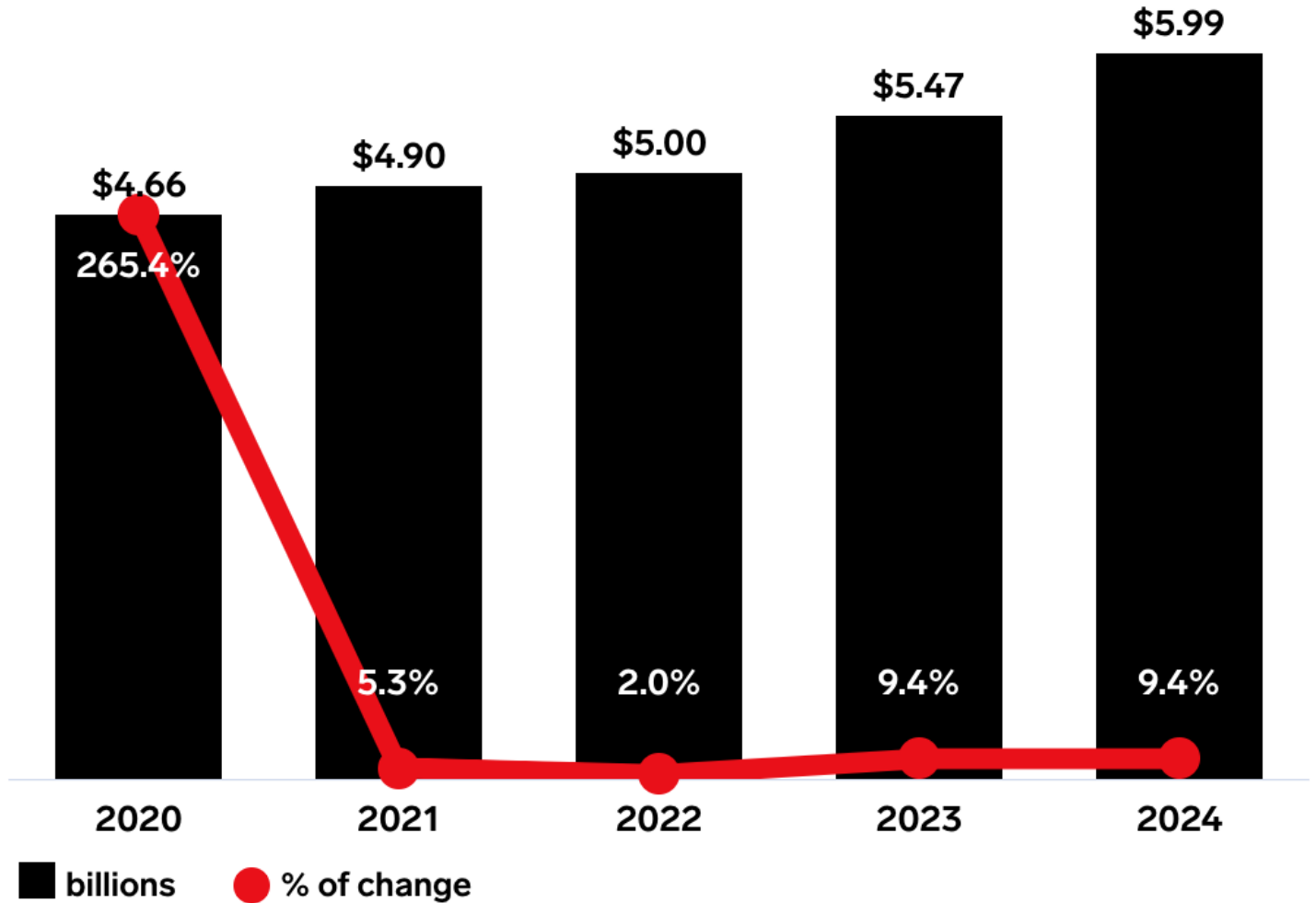
The big takeaway: Albertsons and **Kroger** continue to push for their proposed merger to close to help them compete against mass merchants. But the deal faces no shortage of challenges.

- In the meantime, Albertsons continues to hit its marks.

Go further: Listen to our podcast "[Reimagining Retail: What the Kroger-Albertsons merger means for the future of retail media networks](#)" to learn more about how and why the deal came about.

Albertsons Companies Grocery Ecommerce Sales

US, 2020-2024



Note: represents the gross value of grocery products sold online (browser or app) from all banners under Albertsons Companies, regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; excludes fuel

Source: Insider Intelligence | eMarketer, August 2022

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