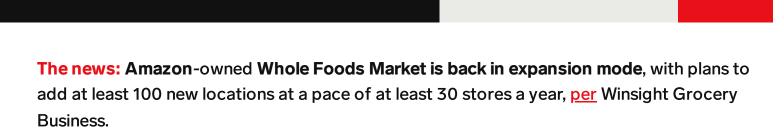
## Whole Foods looks to open 30 new stores a year

**Article** 



That's roughly three times the 11 stores it opened last year.





An odd juxtaposition: Curiously, the push comes at the same time that Amazon is engaged in layoffs and other <u>cost-cutting measures</u>, including pausing the expansion of its **Amazon**Fresh grocery store chain.

While Amazon was opening roughly two Amazon Fresh locations per month between September 2020 and September 2022, it hasn't opened a new store since then—even though at least seven new US locations appear to be fully built out and 26 more are in development, per The Information.

**Grocery prices soar:** Amazon's pivot toward Whole Foods comes at a time when many consumers are feeling the pinch of soaring grocery prices and are looking for opportunities to cut costs.

- Prices continue to surge. They were up 10.4% year-over-year (YoY) in December, according to the US Labor Department.
- Grocery delivery is falling as shoppers return to stores. With consumers growing more cost conscious and abandoning pandemic-era precautions, grocery delivery sales declined 1.8% in December, <u>per</u> a survey by Brick Meets Click and Mercatus.
- Shoppers are looking for deals. Inflation has caused 29% of grocery buyers to begin shopping at less expensive stores such as Aldi. That increased exposure (and its expansion) helped Aldi earn the title of the most popular grocery store in the United States, with 65% of consumers having a positive opinion of it in Q4, per YouGov data reported in Chain Store Age.

**Different is better:** Shoppers didn't just like Aldi's cheap prices; they also liked their experience at Whole Foods, which helped the high-end grocer rank fifth in the same survey, with 57% of respondents having a positive impression of the high-end grocer (Amazon Fresh ranked 11th, at 43%).

- Whole Foods has long thrived on offering consumers an experience that's distinct from mainstream grocers thanks to its wide array of organic produce, eco-conscious and local brands, and theatrical shopping experience.
- The retailer's new "Growing with Purpose" strategic plan leans into those differentiators, while it also experiments with new store sizes and formats.

The big takeaway: Building a technology-focused supermarket chain from scratch is a capital-intensive endeavor that no longer makes sense for the newly penny-pinching Amazon.



- That said, embarking on an ambitious expansion strategy for its high-end grocery chain is puzzling given grocery inflation is shifting consumers' buying habits. In fact, its chief rival, Walmart, recently boasted that nearly 75% of its grocery share gains in the third quarter came from households making more than \$100,000 annually.
- Amazon would be wise to find more ways to emphasize its private label brands and other value-oriented items as part of its strategy.

**Go further:** Read our <u>Spotlight: Grocery Inflation</u> report to learn how rising prices are shifting shoppers' spending patterns.

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