

Grocers eye an opportunity serving lower-income consumers

Article

The trend: Thirty-seven percent of US adults' personal finances have gotten worse in the last year, an eight percentage point jump from February, [per](#) a NPR/PBS Newshour/Marist poll.

- The situation is particularly pronounced among lower-income consumers. US adults who earn \$50,000 or less are roughly three times less likely than higher-wage earners to state their

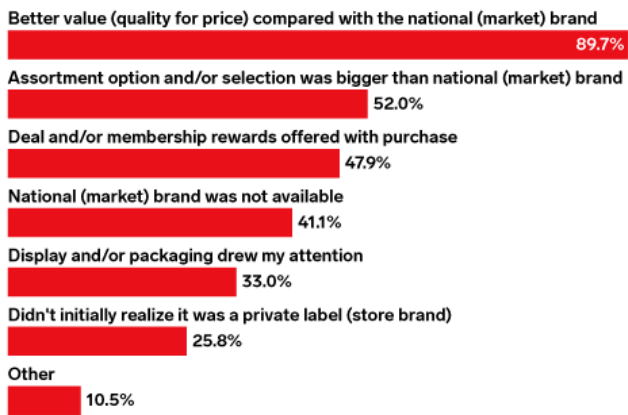
financial picture has improved in the last year, according to the survey.

- That’s a substantial segment of consumers, which is far larger than the **nearly 41 million people receiving Supplemental Nutrition Assistance Program (SNAP)**, per US Agriculture Department (USDA).
- While individually SNAP recipients and other lower-income consumers have less spending power than higher-income shoppers, collectively they represent a sizable customer segment that several retailers and aggregators—including **Walmart, Albertsons, and Kroger**—are looking to better serve.

Skyrocketing prices: Retailers’ efforts, which include the expanded acceptance of SNAP benefits, the rollout of lower-priced lines, and new partnerships, aim to help consumers cope with soaring food prices. Grocery prices **rose 13.5% in August**, a 43-year high, per the US Bureau of Labor Statistics.

- In response, Albertsons last week announced a new partnership with affordable, mixed-income and market-rate housing company **WinnCompanies** that will enable it to deliver groceries, prescriptions, and vaccination services directly to over 133,000 residents across WinnCompanies’ 520 properties.
- Kroger launched a new, lower-priced line of products called Smart Way to help it capture the growing share of consumers who are trading down to cheaper options.

Top Reasons US Adults Initially Decided to Switch from a National Brand to a Private Label Brand, Jan 2022
% of respondents



Source: Insider Intelligence, “Private Label Flash Survey” conducted by Bizrate Insights, March 1, 2022
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Going online: Several retailers are seeking to make it easier to buy groceries online. That's particularly important given that about 39 million people in the US live in low-income and low-access areas, [per](#) a recent USDA report. Within that group, 18.8 million people—or **6.1% of the US total population**—have limited access to a supermarket or grocery store.

- For example, Walmart last week [rolled out](#) a series of updates to its online shopping channels that includes the option to filter items by those that are EBT- or SNAP-eligible.
- It isn't just large retailers eyeing the opportunity. **Shopify** solution provider **Grocerist** [announced](#) it has received USDA approval for **Gong's Market**, becoming California's first single-store grocer to accept SNAP payments online.
- Those efforts dovetail with **Instacart** and [Target](#) beginning to accept SNAP payments earlier this year.
- Meanwhile, warehouse club **BJ's Wholesale Club** last week [began](#) accepting SNAP payments across all of its US locations, as well as on its website and app.

The big takeaway: Amid a competitive environment in which customer loyalty is increasingly [breaking down](#), there are multiple ways for retailers to gain market share by better serving lower-income consumers.

Go further: [Read our report on the Era of Uncertainty here.](#)

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