

# What a Kroger-Albertsons merger would mean for the grocery industry

Article

**The news:** Kroger plans to buy Albertsons in a deal that values the company at \$24.6 billion, per The Wall Street Journal.

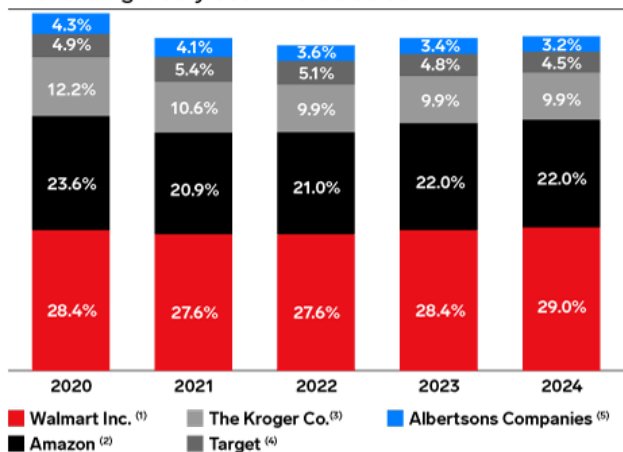
- Kroger is the largest supermarket operator in the US with 2,800 stores in 35 states, while Albertsons has roughly 2,200 stores in 34 states.
- **The combined company would have significant purchasing power to help it compete with Walmart**, which accounts for 21.3% of US grocery sales, per Numerator. Kroger accounts for 10.2% and Albertsons 5.8%.

**The impact on digital grocery sales:** While the growth rate of digital grocery sales has slowed significantly since 2020, its share of overall sales continues to grow. Our [digital grocery report expects](#) digital will account for 9.9% of overall grocery sales this year and that share will reach 15.0% by 2026.

- Walmart and **Amazon** dominate the online grocery space; combined, they account for nearly half of all US digital sales, per our estimates.
- The deal would help Kroger gain share. The company has been building a network of [fulfillment centers](#) to enter markets where it doesn't have a physical presence. But a combined company would enable it to add physical stores, which could also bolster digital growth, particularly in click and collect, said **Blake Droesch**, eMarketer senior analyst at Insider Intelligence. "Kroger's strategy is indicative of the increasingly hybrid future of the grocery business," he said.

## US Digital Grocery Sales Share, by Company, 2020-2024

% of total grocery ecommerce sales



Note: excludes fuel; (1) represents the gross value of grocery products sold on Walmart.com and SamsClub.com (browser or app), regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; (2) represents the gross value of grocery products sold on Amazon.com (browser or app), regardless of the method of payment or fulfillment; includes Amazon Fresh and Whole Foods Market delivery and pickup; includes direct and marketplace sales; (3) represents the gross value of grocery products sold online (browser or app) from all banners under Kroger, regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; (4) represents the gross value of grocery products sold on Target.com (browser or app), regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; (5) 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

Source: eMarketer, Aug 2022

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**Not so fast:** The combined company would have a market cap of nearly \$48 billion.

- But the two companies have significant overlap in several key markets, including Southern California, Texas, and Chicago, which will undoubtedly attract antitrust scrutiny.
- While the companies would likely have to divest overlapping stores, that may not be enough to mollify regulators who are likely to be focused on the possibility that a deal could decrease competition and cause food prices to rise.

**The big takeaway:** The grocery space is already heavily consolidated, making further consolidation bound to attract scrutiny, particularly at a time when food prices are already soaring.

**Go further:** Read more digital grocery industry insights in our [US Digital Grocery Forecast 2022](#).

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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