



Should You Invest in These 3 Grocery Retailers?

Description

Many consumers have no primary grocery store — this week, Foodnavigator-usa.com reported that almost one in 10 shoppers claim no main grocery store. It stated, “Shoppers on average report using 2.5 stores at least fairly often, perhaps owing in part to retail channels outside grocery broadening their food offerings to compete for a slice of market share.”

It might be worth it to not have a primary grocery stock either. Each of the grocery retailers listed below has its own specific strategy for engaging and encouraging consumers to favour its particular supermarkets.

1. Empire Company

Empire Company ([TSX: EMP.A](#)) has a family of supermarkets in Canada that includes Sobeys, IGA Extra, and Thrifty Foods stores. The company’s flagship Sobeys brand is focusing on individual customer engagement to build brand loyalty with its “My Offers” digital program, which gives members exclusive offers.

Customers can load Club Sobeys or Club Thrifty Foods points promotions directly onto their club cards. Shoppers can redeem these in the store without paper printouts. In addition, Sobeys has introduced “Natural Source” departments to its stores in Atlantic Canada. All of these products must be organic, have minimally processed natural ingredients, or have an uncomplicated ingredient list.

2. Loblaw Companies

Loblaw Companies ([TSX: L](#)) is the largest grocery retailer in Canada. The company has 570 corporate stores and 496 franchise stores, and over 20 banners as of year-end 2013. Loblaw recently acquired the pharmacy chain Shoppers Drug Mart.

Loblaw has expanded its lines of house brands, including President's Choice, PC Blue Menu, PC black label, and T&T, among others. Furthermore, in select stores, Loblaw introduced its "From our Chefs Home Meal Replacement" program. The company is working to improve customers' in-store experiences. It is focusing on "fresh" areas of its supermarkets.

3. Metro

Metro ([TSX: MRU](#)) has its Metro, Metro Plus, Super C, Food Basics, and Adonis banners. The company also has 257 drug stores, primarily under the Brunet, Pharmacy, and Drug Basics banners. Metro plans to improve its fresh produce departments. It introduced its "Produce Initiative" geared to enhancing its in-store fruit and vegetable offerings. This includes the installation of new produce counters and displays in its stores.

Metro is also working on improving its product assortment offered to its customers. To this end, last year it opened a new 241,000-square-foot produce and dairy warehouse in Laval, Quebec, which was a \$50 million investment.

Returns are attainable from the supermarket industry. However, consider contemporary consumer behaviour and trends as they affect the industry before choosing which grocery retailers to invest in.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:EMP.A (Empire Company Limited)
2. TSX:L (Loblaw Companies Limited)
3. TSX:MRU (Metro Inc.)

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