



Kroger Stores Benefit Western Communities:

An Assessment of the Enterprise's Compensation Packages and the Economic Impacts in the West

Nam D. Pham, Ph.D. and Mary Donovan

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Executive Summary

The Kroger Company is one of the oldest and largest grocery retailers in America. The organization is rooted in core values of honesty, integrity, respect, safety, diversity, and inclusion. During FY 2020, the Kroger enterprise operated 2,742 supermarkets through a family of companies to provide nearly \$132.5 billion worth of food and merchandise. Every day, Kroger serves an average of nine million Americans across 35 states and the District of Columbia.

In Western states, Kroger employs nearly 85,000 associates in 615 stores. The enterprise serves over 1.3 million customers daily in California, Colorado, Oregon, and Washington. Recognizing that its employees play an integral role in driving its success, the enterprise offers competitive wages and benefit packages. Kroger also has launched several initiatives over the past few decades to advance the well-being of associates and their families. By providing groceries to millions of households and investing in its workforce, the Kroger enterprise makes valuable economic and social impacts on the local communities it serves.

This study assesses the compensation packages of the Kroger enterprise's hourly associates compared to their peers working in not only the supermarket and grocery industry, but also the retail industry overall. It then evaluates the economic and social impacts that Kroger provides for associates. Finally, the study calculates the economic contributions of Kroger's stores to communities in four Western states.

Highlights of the report are:

1. **Kroger pays hourly associates more than their peers in the retail industry overall.** Currently, Kroger pays an average of \$18.27 per hour and spends an additional \$5.61 per hour for healthcare and retirement benefits, totaling \$23.89 per hour for hourly associates in Western states. Kroger's hourly wages and benefits were higher than the average hourly wages and benefits of all workers in the U.S. retail industry and comparable job functions of the majority of Kroger associates. The wage premiums across Kroger's stores are more recognizable at lower earning groups. (Table S1)
2. **In addition to healthcare and retirement benefits, Kroger offers monetary and non-monetary assistance to associates and their families.** Over the past 15 years, the enterprise has launched at least three major initiatives, including the Helping Hands Fund Benefits Trust in 2006, Kroger Scholars in 2008, and Feed Your Future in 2018. The Helping Hands Fund has provided over \$26.3 million in assistance to more than 34,000 full- and part-time associates who experienced a death in the family, illness, natural disaster, and other family emergencies. Kroger Scholars has awarded more than 3,000 scholarships, totaling more than \$4.2 million, to associates' children who are passionate about making a difference. Feed Your Future has invested more than \$20 million to provide up to \$3,500 per year to help associates pursue their educational goals, including certifications and college degree programs.

Table S1.

Compensations of Kroger's Hourly Associates in Western States

	Average hourly wage	Average hourly healthcare and retirement benefit cost	Total hourly compensation
California	\$18.46	\$6.00	\$24.46
Colorado	\$18.29	\$5.39	\$23.68
Oregon	\$17.29	\$4.63	\$21.92
Washington	\$18.72	\$6.06	\$24.78
West Average	\$18.27	\$5.61	\$23.89
All workers in retail trade in the U.S.	\$16.89	\$1.78	\$18.67
Sales and office	\$15.22	\$1.49	\$16.71
Sales and related	\$15.03	\$1.23	\$16.26
Office and administrative support	\$15.85	\$2.39	\$18.24

- In response to the COVID-19 pandemic in March 2020, Kroger has invested over \$1.5 billion to support and safeguard associates, customers, and communities.** The enterprise executed its Pandemic Preparedness Plan and Business Resilience Plan to protect frontline associates while staying open to serve customers and communities. More than 30 policy changes have been enacted across the country to maximize associate safety, including 14 days of paid COVID-19 emergency leave (ELOA) for those associates who are high-risk, exposed or feeling sick, or diagnosed with COVID-19, personal protective equipment (PPE), and free COVID-19 testing. From March 2020 to November 2021, Kroger awarded \$1,730 per full-time and \$1,170 per part-time frontline associate in the form of store credit, cash bonuses, additional pay, fuel points bonuses, and vaccine incentive payments.
- In addition to competitive wages and high-quality benefits, Kroger offers a broad range of employment opportunities for workers of all ages and aspirations.** Kroger offers job and career opportunities to underserved populations at its Western stores. The enterprise's values of diversity, equity, inclusion (DEI) are reflected in its workforce. Indeed, Kroger associates are more diverse than state workforces overall. For example, 54.9% of Kroger associates in California are Hispanic compared to 28.5% of the state's workforce overall. In Colorado, 34.9% of Kroger associates are Hispanic, Black, and Asian, or multiple races compared to 24.8% of the state's workforce overall. Similarly, 25.4% of Kroger associates in Oregon and 30.6% in Washington are Hispanic, Black, Asian, or multiple races compared to 17.9% and 25.8% of the states' workforces, respectively.
- Moreover, Kroger employs younger associates in age groups that have the most difficulty securing employment.** Approximately half of Kroger's hourly associates are under 35 years old. This age group has the highest unemployment rate of any age group overall. In 2020, California's unemployment rate was 13.1% for those under 35 compared to 10.2% statewide. It was 10.1% in Colorado compared to 7.3% statewide, 10.5% compared to 7.8% statewide in Oregon, and 12.0% compared to 8.3% statewide in Washington.

6. **Given the age groups and the nature of employment in the retail service industry, Kroger associates tend to stay with the enterprise longer than their peers employed by other companies.** The majority of associates at Kroger’s Western stores have been working there for three or more years, compared to the median tenure of 3.1 years for workers in the overall retail industry and 2.0 years for workers in food and beverage services.
7. **Kroger’s impact extends beyond its stores.** Its operations and investments create a ripple effect that generates economic and social benefits for local communities in the West. In total, Kroger’s Western stores support 127,374 direct, indirect, and induced jobs and \$4.7 billion in wages. These stores generate \$62.3 billion in direct, indirect, and induced sales and \$8.8 billion in value added to local economies. The enterprise’s state and local tax contributions amount to nearly \$1.2 billion. A snapshot of Kroger’s support to local communities includes \$57.5 million in community giving and 26 million donated meals to those in need. (Table S2)

Table S2.
Total Economic Impact of Kroger’s Western Stores, 2020

	Economic Impact					Social Impact	
	Jobs	Wages (\$B)	Output (Sales) (\$B)	Value-Added (\$B)	Taxes (\$B)	Community Giving (\$M)	Donated Meals (M)
Direct Impact	84,827	\$2.7	\$31.5	\$7.3	\$1.2	\$57.5	26.0
Indirect & Induced Impact	42,547	\$2.0	\$30.8	\$1.5	-	-	-
Total Impact	127,374	\$4.7	\$62.3	\$8.8	\$1.2	\$57.5	26.0

Kroger and its associates are integral to American households and communities. The enterprise employs local associates to provide groceries to local households. Kroger also offers job opportunities to underserved populations. Recognizing the important role of its hourly associates, accounting for 97 percent of total employees, the enterprise pays hourly associates higher wages and benefits compared to its peers in the overall retail industry across the country. In addition to monetary compensation, Kroger provides financial assistance to hourly associates and their children to pursue educational goals to advance their careers in the long-term. Over the past century, Kroger has built its success by relying on associates to make valuable contributions economically and socially to each local community it serves.

Kroger Stores Benefit Western Communities

An Assessment of the Enterprise's Compensation Packages and the Economic Impacts in the West

Nam D. Pham, Ph.D. and Mary Donovan¹

Background

The Kroger Company (“Kroger”), founded in 1883 and incorporated in 1902, is one of the largest and oldest grocery retailers in America. Its business is based on core values of honesty, integrity, respect, safety, diversity, and inclusion. Through its 2,742 stores under its family of companies spanning 35 states and the District of Columbia, Kroger generated nearly \$132.5 billion in sales during FY 2020.

Recognizing its success depends heavily on its employees, Kroger focuses on attracting, developing, and engaging a diverse workforce that represents the communities it serves. Most Kroger employees are covered by collective bargaining agreements negotiated with local labor unions affiliated with one of several different international unions. The objective in every negotiation is to find a fair and reasonable balance for compensation packages that provide good wages as well as quality, affordable healthcare and retirement benefits, while also ensuring the enterprise remains competitive.²

The Kroger enterprise operates 615 stores and serves over 1.3 million customers daily in California, Colorado, Oregon, and Washington (collectively, the “Western states”). Currently, these stores employ nearly 85,000 associates, provide competitive compensation packages, and take part in enterprise-wide initiatives to advance the well-being of associates and their families. These investments generate significant economic and social benefits in the communities Kroger serves.³

Key Takeaways

The grocery retail industry is labor-intensive and operates on narrow margins; Kroger is no exception.

The Kroger enterprise is a large employer and serves over 1.3 million customers daily in its Western state stores.

Kroger offers Western state associates competitive pay and benefits compared to other retail employers. Its enterprise-wide initiatives support associates and their families.

The enterprise's economic and social impact on Western states is significant.

¹ Nam D. Pham, Ph.D., is managing partner and Mary Donovan is principal at ndp | analytics. Stephanie Barelo and Lauren Korlewitz provided research assistance. The Kroger Company provided financial support to conduct this study. The opinions and views expressed in this report are solely those of the authors.

² The Kroger Co. 2021. SEC Form 10-K Annual Report, FY2020

³ Our analysis is based on enterprise and workforce data provided by Kroger for the organization's grocery stores in California, Colorado, Oregon, and Washington. The data is current as of October 2021 unless otherwise noted.

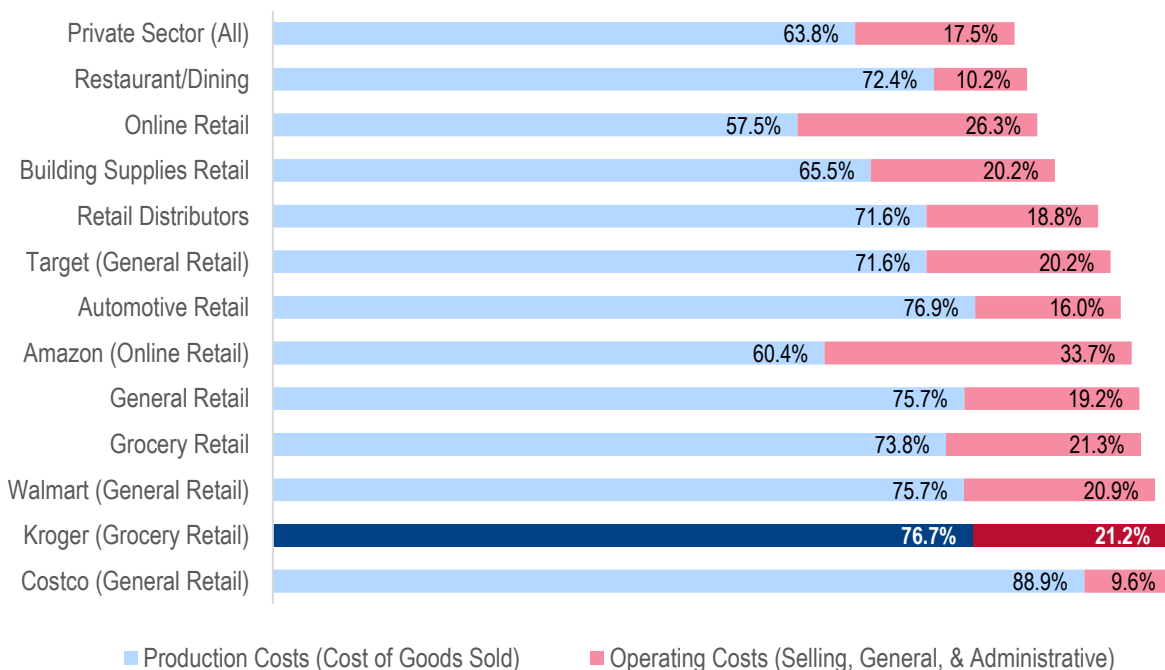
The Grocery Retail Industry is Labor-Intensive and Operates on Narrow Profit Margins

The U.S. grocery retail industry is labor-intensive and operates on razor-thin profit margins. Comparing its revenues, expenditures, and profit margins, Kroger's financial performance is in line with other grocery stores and other retailers overall.

The Grocery Retail Industry Is Labor-Intensive

In the U.S., grocery retailers have higher expenditures than other segments of the retail industry and the private sector as a whole. In 2020, grocery retail production costs, measured by the cost of goods sold (COGS), accounted for 73.8% of total sales compared to 63.8% for the private sector. As a labor-intensive industry, grocery retailers also have higher operating expenditures, measured by selling, general, and administrative expenses (SG&A). In 2020, these expenditures, which primarily consist of employee-related costs such as wages, healthcare benefits, and retirement plans, accounted for 21.3% of total grocery retail sales compared to 17.5% for the private sector overall. As an enterprise, Kroger's production costs were 76.7%, and its operating costs were 21.2% of total sales. Compared to large retailers that also sell groceries, Kroger's production costs were higher than production costs at Target, Amazon, and Walmart but lower than Costco's production costs. (Figure 1)

Figure 1.
Expenditures as % of Sales for Selected Industries & Companies, 2020⁴



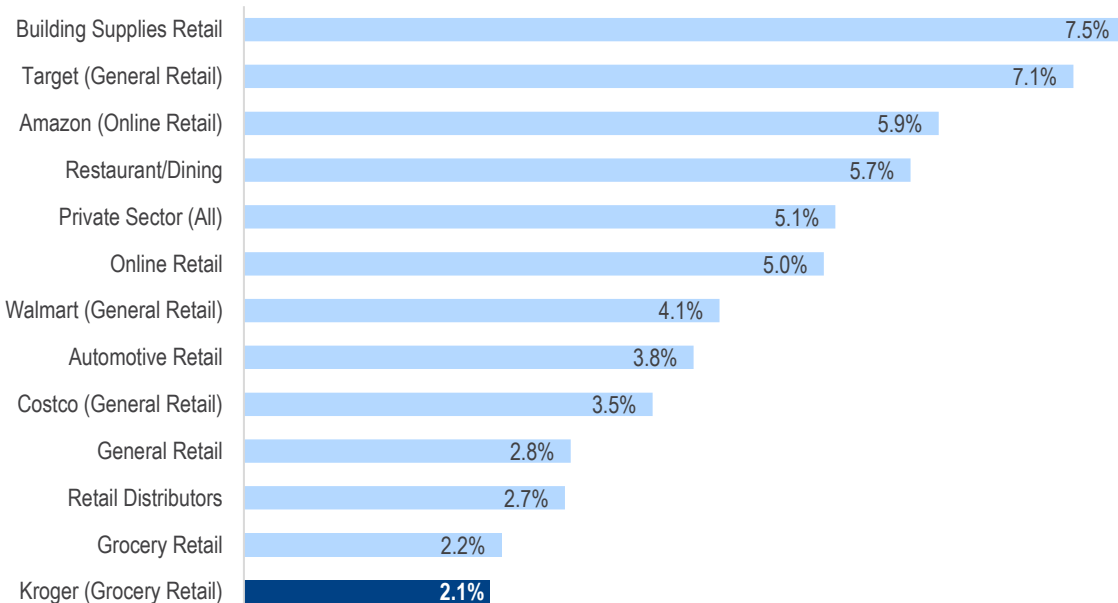
⁴ Damodaran, Aswath. 2021. Margins by Sector (US). Damodaran Online; Company FY2020 annual reports (SEC Form 10-K).

The Grocery Retail Industry Has Narrow Profit Margins

With the combination of high food costs and high operating expenditures, which include wages and benefits, grocery retailers have lower profit margins than most other industries. In 2020, the net profit of the grocery retail industry was 2.2% of sales, which is less than half of the private sector's overall (5.1%), and lower than similar labor-intensive industries such as restaurants and other types of retail.⁵

In line with the grocery retail industry, Kroger has high operating expenditures and a narrow profit margin.⁶ In 2020, Kroger's net profit was 2.1% of sales which is lower than other retailers that also sell groceries, such as Target (7.1%), Amazon (5.9%), Walmart (4.1%), and Costco (3.5%).⁷ (Figure 2)

Figure 2.
Net Profit Margin of Selected Industries & Companies, 2020⁸



Kroger is One of the Largest Grocers and Serves Millions of Customers Daily in the West

Kroger serves many communities across the West. Notably, the enterprise is one of the largest grocers and provides tens of thousands of jobs in California, Colorado, Oregon, and Washington.

⁵ Damodaran, Aswath. 2021. Margins by Sector (US). Damodaran Online

⁶ The Kroger Co. 2021. SEC Form 10-K Annual Report, FY2020; WSJ Markets, Dow Jones.

⁷ Company FY2020 annual reports (SEC Form 10-K).

⁸ Damodaran, Aswath. 2021. Margins by Sector (US). Damodaran Online; Company FY2020 annual reports (SEC Form 10-K).

Kroger Serves Millions of Customers Daily at its Western Stores

Kroger serves over 1.3 million customers across the West daily. The enterprise operates 615 stores in California, Colorado, Oregon, and Washington under several different store banners including City Market, Food 4 Less, Foods Co., Fred Meyer Stores, King Soopers, Ralphs, and Quality Food Center. (Table 1)

Table 1.
Kroger's Stores & Customers Served in the West, 2021⁹

	Store Count	Store Banners	Customers Served Daily (Average)
California	297	Food 4 Less/Foods Co. & Ralphs	570,371
Colorado	148	King Soopers/City Market	335,366
Oregon	55	Fred Meyer & Quality Food Center	148,286
Washington	115	Fred Meyer & Quality Food Center	261,284
West Total	615		1,315,307

Kroger Employs Nearly 85,000 Associates in its Western Stores

Currently, Kroger employs 84,827 associates in its 615 Western stores, including 26,687 in California, 21,342 in Washington, 21,689 in Colorado, and 15,109 in Oregon. Overall, 97% of associates working in Kroger's Western stores are hourly workers and 70% work part-time. Approximately 76% are covered by a collective bargaining agreement ("CBA"), ranging from 53.8% in Colorado to 94.1% in California. (Table 2)

Table 2.
Number & Characteristics of Kroger's Associates in Western Stores, 2021¹⁰

	Active Associate Count	Associate Characteristics		
		Part-time	Hourly	Covered by CBA
California	26,687	68.9%	96.9%	94.1%
Colorado	21,689	62.5%	96.4%	53.8%
Oregon	15,109	72.8%	97.5%	72.1%
Washington	21,342	76.8%	97.2%	78.0%
West Total	84,827	70.0%	97.0%	75.8%

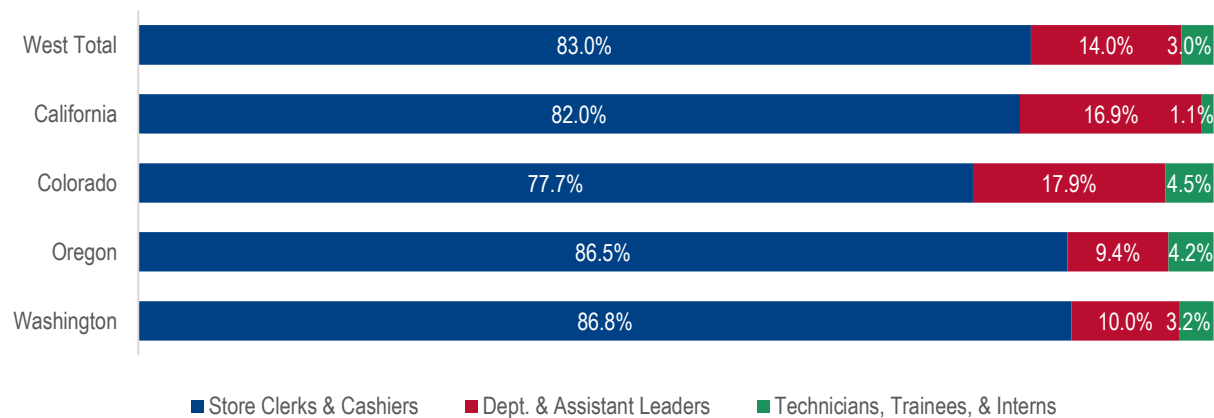
Among hourly associates in Kroger's Western stores, 83% are cashiers and store clerks, ranging from 77.7% in Colorado to 86.5% in Washington. Approximately 14% are department leaders and assistant leaders,

⁹ The Kroger Co. 2021.

¹⁰ The Kroger Co. 2021.

ranging from 9.4% in Oregon to 17.9% in Colorado, while 3% are trainees, interns, and technicians, ranging from 1.1% in California to 4.5% in Colorado. (Figure 3)

Figure 3.
Job Functions of Hourly Associates at Kroger's Western Stores, 2021¹¹



Kroger Offers Associates Competitive Compensation Packages

Kroger offers full- and part-time associates competitive compensation packages, including hourly wages and monetary and non-monetary benefits. Compared to similar industries and occupations, Kroger's hourly associates have higher compensation rates than their peers.

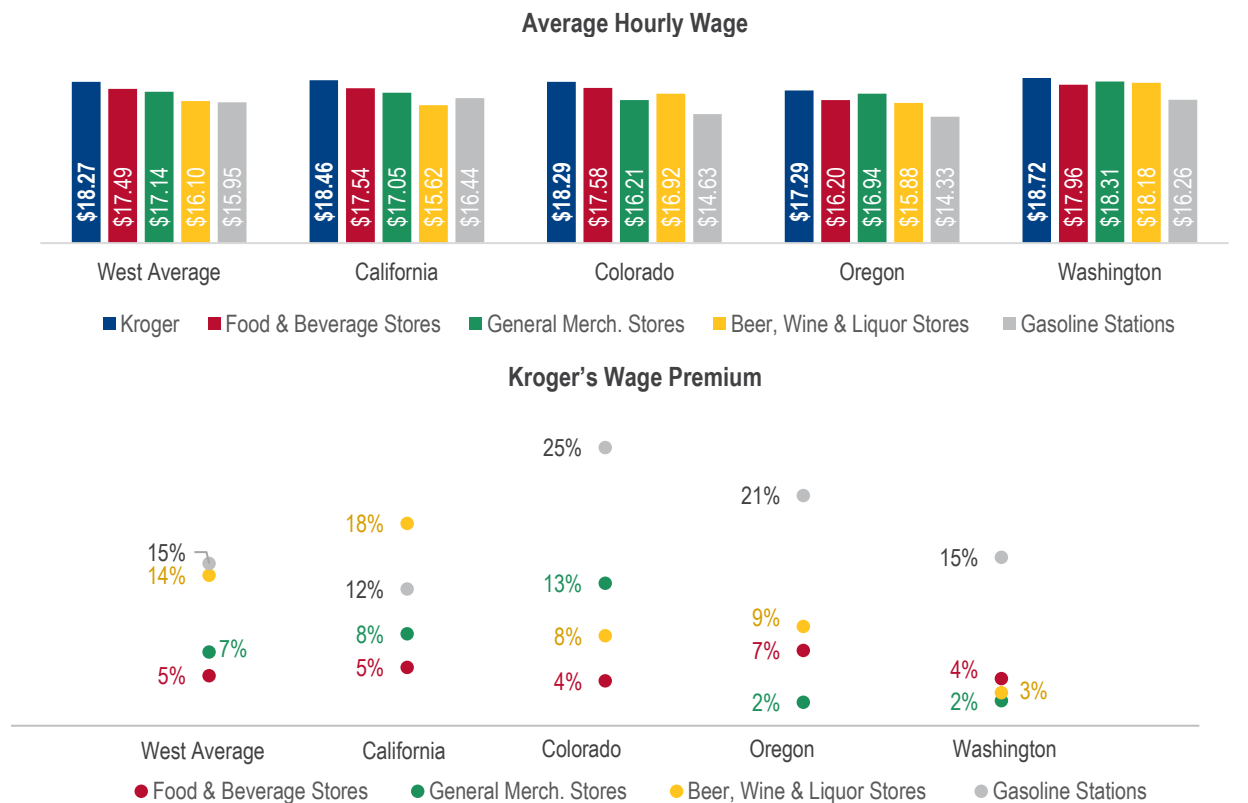
Kroger Pays Competitive Wages

Kroger offers associates higher hourly wages than the industry average for food and beverage stores and other comparable retail industries such as general merchandise stores, beer, wine and liquor stores, and gasoline stations.

In 2020, the average hourly rate of Kroger's associates in the West was \$18.27 compared to \$17.49 at food and beverage stores as a whole, \$17.14 at general merchandise stores, \$16.10 at beer, wine, and liquor stores, and \$15.95 at gasoline stations. Although the patterns remain unchanged, Kroger's wage premium varies by state. In California, Kroger's hourly wage was 5% higher than the average for food and beverage stores and 18% higher than beer, wine, and liquor stores. In Colorado, its wage premium ranged between 4% and 25%. Oregon and Washington ranged between 2% and 21% and between 2% and 15%, respectively. (Figure 4)

¹¹ The Kroger Co. 2021.

Figure 4.
Kroger Associates' Average Wage Compared to Selected Retail Industries, 2020¹²

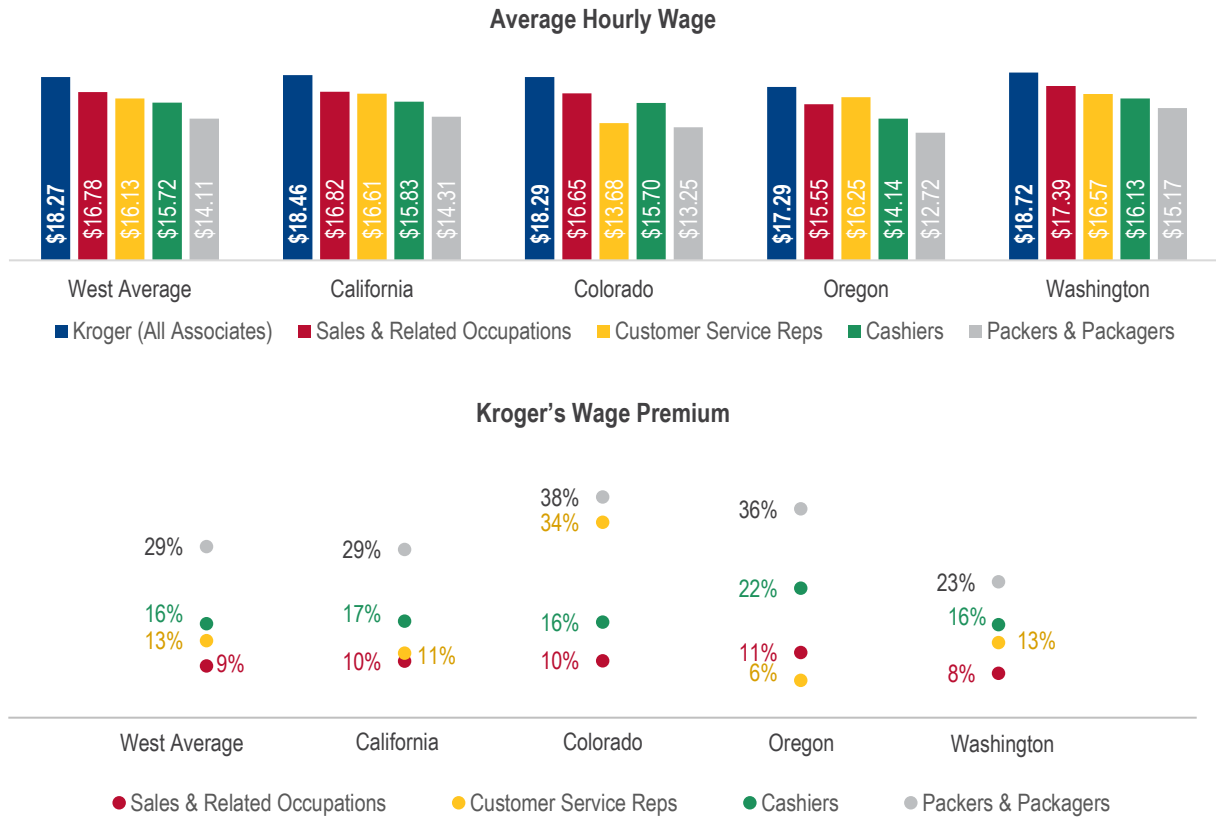


Kroger's hourly associates are paid higher wages than workers with comparable occupations at food and beverage stores in the West. The vast majority of hourly associates at Kroger's Western stores are cashiers and store clerks (83%). In food and beverage stores in the West, cashiers' hourly wages averaged \$15.72, ranging from \$14.14 in Oregon to \$16.13 in Washington. In contrast, Kroger's average hourly rate for all associates in the West was \$18.27 (ranging from \$17.29 in Oregon to \$18.72 in Washington).

Not only for cashiers, Kroger's average pay was higher for other grocery retail occupations, including sales and related occupations, customer service representatives, and packers. Compared to average hourly wages in food and beverage stores in the West, Kroger associates earned 9% more than sales and related occupations, 13% higher than customer service representatives, 16% higher than cashiers, and 29% higher than packers and packagers. (Figure 5)

¹² 'West Average' is the weighted average of wages in California, Colorado, Oregon, and Washington. The Kroger Co. 2021; Bureau of Labor Statistics. 2021. May 2020 Occupational Employment and Wage Statistics. Average hourly rates are for all occupations in each industry by state. Industry classifications are at 4-digit NAICS; food & beverage stores (NAICS 4451-4452), general merchandise stores (NAICS 4520), beer, wine, & liquor (NAICS 4453), and gasoline stations (NAICS 4471).

Figure 5.
Kroger Associates' Average Hourly Wage Compared to Select Job Functions in Food and Beverage Stores, 2020¹³



Kroger Also Pays Higher Wages for its Hourly Associates Who Are in Lower Income Brackets

Unlike other food and beverage stores, Kroger pays premiums for associates in lower income brackets. The hourly wages of the bottom 25 percent, the median, and the top 25 percent of hourly wage earners in all four Western states were higher than their peers in food and beverage stores. During FY 2020, half of Kroger hourly associates earned between 13% and 17% higher than their counterparts in food and beverage stores. (Table 3)

¹³ 'West Average' is the weighted average of wages in California, Colorado, Oregon, and Washington. The Kroger Co. 2021; Bureau of Labor Statistics. 2021. May 2020 Occupational Employment and Wage Statistics. Average hourly rates are for occupations in food & beverage stores (NAICS 4451-4452). Occupational classifications are BLS Standard Occupational Classifications Codes: Sales and Related Occupations (41-0000), Cashiers (41-2011), Customer Service Representatives (43-4051), Packers and Packagers (53-7064), Stockers and Order Fillers (53-7065).

Table 3.
Distribution of Kroger Associates' Average Hourly Wage Compared to Food and Beverage Stores¹⁴

	Bottom 25 percent	Median	Top 25 percent
California			
Kroger	\$14.60	\$17.02	\$21.21
Food & Beverage Stores	\$13.46	\$15.05	\$19.04
Colorado			
Kroger	\$14.25	\$18.09	\$19.91
Food & Beverage Stores	\$12.68	\$16.08	\$19.24
Oregon			
Kroger	\$14.50	\$16.20	\$18.20
Food & Beverage Stores	\$12.07	\$14.39	\$18.08
Washington			
Kroger	\$14.64	\$18.10	\$22.15
Food & Beverage Stores	\$14.27	\$15.49	\$19.90

Kroger Offers Its Hourly Associates Hourly Compensation that Far Exceeds the Retail Sector Average

In addition to hourly wages, Kroger offers benefits to all full- and part-time associates. Its competitive compensation packages include cash benefits, such as appreciation pay and store credit, and non-cash benefits, such as healthcare and safeguards to protect associates' well-being.

On average, Kroger spent \$5.61 per hour on healthcare and retirement benefits for its associates in the West, ranging from \$5.39 in Colorado to \$6.06 in Washington. Total per hour compensation (wages plus benefit costs) for Kroger associates in its Western stores averaged \$23.89, ranging from \$21.92 in Oregon to \$24.78 in Washington. (Table 4)

Table 4.
Average Hourly Wages and Benefits of Kroger Associates, 2020

	Average hourly wage	Average hourly healthcare & retirement benefit cost	Total hourly compensation
California	\$18.46	\$6.00	\$24.46
Colorado	\$18.29	\$5.39	\$23.68
Oregon	\$17.29	\$4.63	\$21.92
Washington	\$18.72	\$6.06	\$24.78
West Average	\$18.27	\$5.61	\$23.89

¹⁴ The Kroger Co. 2021; Bureau of Labor Statistics. 2021. May 2020 Occupational Employment and Wage Statistics. Distribution of industry hourly rates are for all occupations in food & beverage stores (NAICS 4451-4452).

Compared to the retail sector, Kroger spends more on healthcare and retirement benefits. In 2020, the average expenditure on benefits for workers in the retail sector was \$1.78 per hour, ranging from \$1.23 for sales and related jobs to \$2.39 for office and administrative support jobs.

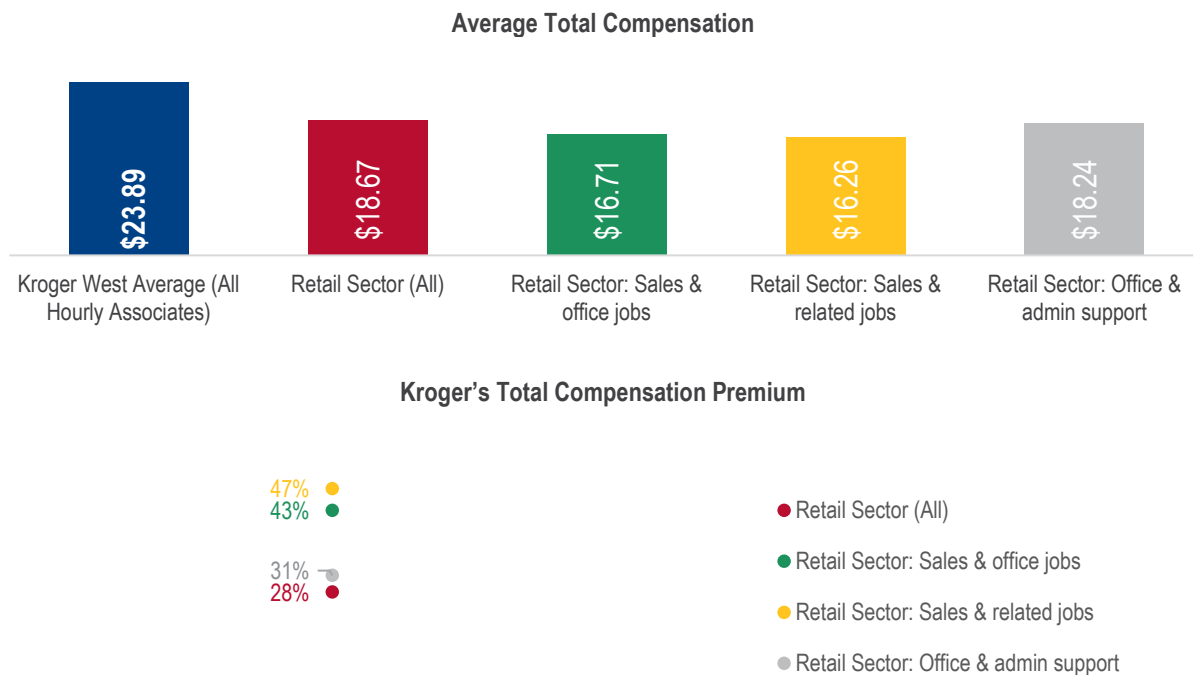
Table 5.
Average Hourly Wages and Benefits in the Retail Sector, 2020¹⁵

	Average hourly wage	Average hourly healthcare & retirement benefit cost	Total hourly compensation
U.S. Retail Sector	\$16.89	\$1.78	\$18.67
<i>By Occupation</i>			
Sales and office occupations	\$15.22	\$1.49	\$16.71
Sales and related occupations	\$15.03	\$1.23	\$16.26
Office and administrative support	\$15.85	\$2.39	\$18.24

Total compensation for Kroger associates in the West averaged \$23.89 an hour, higher than that of their counterparts in the retail sector. (Figure 6)

¹⁵ Bureau of Labor Statistics. 2021. National Compensation Survey: Employer Costs for Employee Compensation.

Figure 6.
Kroger Associates' Total Compensation Compared to Retail Trade Workers, 2020¹⁶



Kroger Initiatives Provide Additional Support for Associates and Their Families

In addition to insurance and retirement benefits, Kroger offers monetary and non-monetary assistance to associates and their families. In the last 15 years, the enterprise has launched at least three major initiatives, including the Helping Hands Fund Benefits Trust, Kroger Scholars, and Feed Your Future.

The Helping Hands Fund Benefits Trust was created in 2006 to provide financial assistance to associates experiencing financial hardship due to emergencies such as a natural disaster, family death, and illness. After one year of service, any full- or part-time associate can apply for a Helping Hands Fund grant, which ranges from \$500 to \$2,500, with a maximum lifetime benefit of \$7,500. Since its launch in 2006, the initiative has provided over \$26.3 million in assistance to more than 34,000 associates. In 2020 alone, 9,300 associates received grants totaling \$5.9 million.¹⁷

Kroger Scholars awards scholarships to associates' children who are passionate about making a difference. Natural, legally adopted, or stepchildren of full- or part-time associates who have been working at Kroger for

¹⁶ The Kroger Co. 2021; Bureau of Labor Statistics. 2021. National Compensation Survey: Employer Costs for Employee Compensation.

¹⁷ The Kroger Co. 2021.

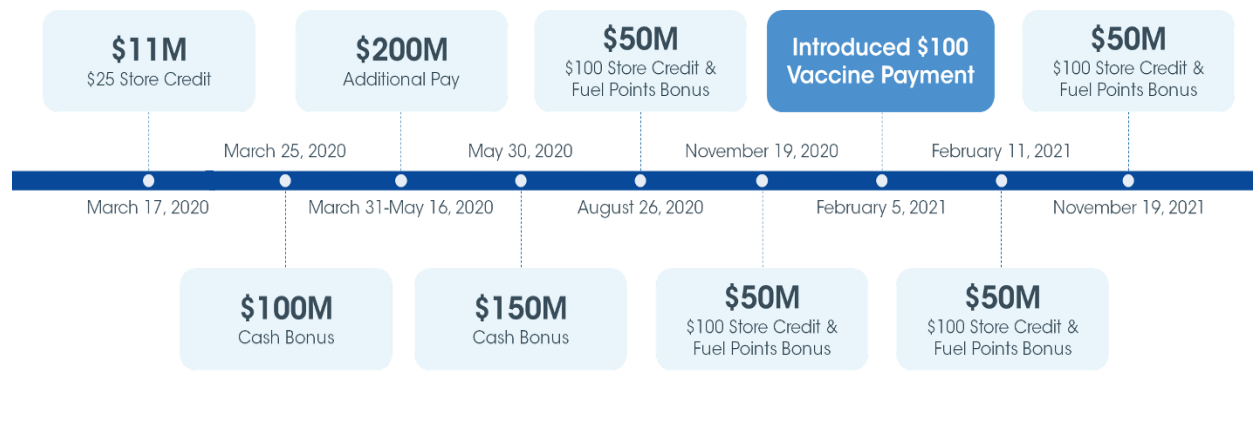
two years are eligible to apply. Recipients of the \$2,500 scholarships are selected based on a broad range of criteria, including volunteer work, civic service, extracurricular activities, performance, and work experience. Since the program's inception in 2008, over 3,000 scholarships have been awarded, totaling more than \$4.2 million.¹⁸

Kroger continues to invest in new platforms and applications to make education more accessible to associates. In 2018, Kroger launched Feed Your Future to help associates pursue their educational goals. After six months of service, any full- or part-time associate is eligible to receive up to \$3,500 annually and \$21,000 total for continuing education, including certifications and college degree programs. Kroger has invested more than \$20 million in this program since it launched.¹⁹

Kroger's COVID-19 Response Protected and Provided Financial Assistance to Associates

In response to the COVID-19 pandemic in March 2020, Kroger has invested over \$1.5 billion to support and safeguard associates, customers, and communities. The enterprise executed its Pandemic Preparedness Plan and Business Resilience Plan to maximize protection of frontline associates, stay open to serve customers and communities, and address critical needs during an unprecedented global crisis. Since then, Kroger has enacted more than 30 policy changes across the country to maximize associate safety, including 14 days of paid COVID-19 emergency leave of absence (ELOA) for those associates who are high-risk, exposed or feeling sick, or diagnosed COVID-19, personal protective equipment (PPE), and free COVID-19 testing. During the period between March 2020 and November 2021, Kroger awarded \$1,730 per full-time and \$1,170 per part-time frontline associate in the form of store credit, cash bonuses, additional pay, fuel points bonuses, and vaccine incentive payments.²⁰ (Figure 7)

Figure 7.
Rewards for Frontline Associates at Kroger since the COVID-19 Pandemic, 2020-21²¹



¹⁸ The Kroger Co. 2021.

¹⁹ The Kroger Co. 2021.

²⁰ The Kroger Co. 2021. SEC Form 10-K Annual Report, FY2020.

²¹ The Kroger Co. 2021.

Kroger's COVID-19 response was in line with other retailers. According to the Brookings Institution, the enterprise was ranked sixth out of 13 for overall pandemic-related compensation, including temporary wage increases and bonuses.²² Only one retailer (Best Buy) had a higher temporary wage increase.

Job Opportunities and Upward Mobility at Kroger Stores

In addition to competitive wages and quality benefits, Kroger offers a broad range of employment opportunities for workers of all ages and aspirations. During the pandemic, the enterprise added 100,000 new jobs.²³ These jobs have provided opportunities to workers from the hardest-hit sectors during the COVID-19 pandemic, such as restaurants, hotels, and entertainment venues. Kroger encourages associates to learn new skills, grow, and advance through its training and education programs, regardless of their level within the enterprise. In FY 2020, Kroger spent approximately \$125 million on training, including onboarding programs, leadership development, and programs designed to upskill associates.²⁴

Kroger offers job and career opportunities to underserved populations at its Western stores. The enterprise's values of diversity, equity, inclusion (DEI) are reflected in its workforce; Kroger's associates are more diverse than state workforces overall. For example, 54.9% of Kroger's associates in California are Hispanic compared to 28.5% of the state's workforce overall. In Colorado, 34.9% of Kroger's associates are Hispanic, Black, and Asian, or multiple races compared to less than 24.8% of the state's workforce overall. Similarly, 25.4% of Kroger's associates in Oregon and 30.6% in Washington are Hispanic, Black, Asian, or multiple races compared to 17.9% and 25.8% of the states' workforces, respectively. (Table 6)

Table 6.
Diversity of Kroger's Associates Compared to the State's Workforce, 2020²⁵

	White	Hispanic	Black	Asian
California				
Kroger's associates	24.7%	54.9%	8.5%	6.1%
State workforce	54.6%	28.5%	4.7%	12.1%
Colorado				
Kroger's associates	65.1%	19.5%	5.1%	3.4%
State workforce	75.2%	18.9%	3.1%	2.8%
Oregon				
Kroger's associates	74.6%	9.8%	2.4%	4.0%
State workforce	82.1%	10.9%	2.0%	5.0%
Washington				
Kroger's associates	69.4%	8.3%	4.2%	7.9%
State workforce	74.2%	12.7%	4.0%	9.1%

²² Kinder, Molly, Laura Stateler, and Julia Du. 2020. "Windfall Profits and Deadly Risks: How the biggest retail companies are compensating essential workers during the COVID-19 pandemic." Brookings Institution.

²³ The Kroger Co. 2021. SEC Form 10-K Annual Report, FY2020.

²⁴ The Kroger Co. 2021. SEC Form 10-K Annual Report, FY2020.

²⁵ The Kroger Co. 2021; Bureau of Labor Statistics. 2021. Current Population Survey: Labor Force Statistics, 2020.

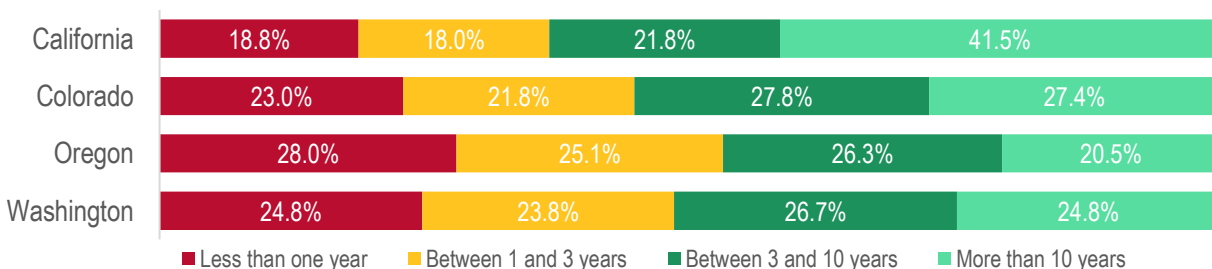
Moreover, Kroger employs associates in age groups that have the most difficulty securing jobs. Currently, approximately half of Kroger’s hourly associates are under 35 years old, whose unemployment rate is higher than other age groups and the state average. In 2020, California’s unemployment rate was 13.1% for those under 35 compared to 10.2% statewide. Similarly, unemployment rates of people who are under 35 years old were 10.1% compared to 7.3% statewide in Colorado, 10.5% compared to 7.8% statewide in Oregon, and 12.0% compared to 8.3% statewide in Washington. (Table 7)

Table 7.
Age of Kroger’s Associates Compared to State Unemployment Rates, 2020²⁶

	Total	Under 35	35 to 55	Above 55
California				
Kroger’s associates	100.0%	47.3%	34.5%	18.1%
State unemployment rate	10.2%	13.1%	8.3%	9.2%
Colorado				
Kroger’s associates	100.0%	50.0%	29.1%	20.9%
State unemployment rate	7.3%	10.1%	6.2%	4.7%
Oregon				
Kroger’s associates	100.0%	55.1%	26.2%	18.7%
State unemployment rate	7.8%	10.5%	5.8%	6.9%
Washington				
Kroger’s associates	100.0%	53.0%	28.6%	18.3%
State unemployment rate	8.3%	12.0%	6.4%	6.2%

Unlike workers in the retail industry, Kroger’s associates tend to stay with the company a longer period of time. The majority of associates at Kroger’s Western stores have been working there for more than three years. In California, Kroger’s associates have the longest tenure: 63% have been with the company for at least three years, and 41.5% have been there for more than 10 years. (Figure 8)

Figure 8.
Kroger’s Associates Tenure with the Enterprise²⁷



²⁶ The Kroger Co. 2021; Bureau of Labor Statistics. 2021. Current Population Survey: Labor Force Statistics, 2020.

²⁷ The Kroger Co. 2021.

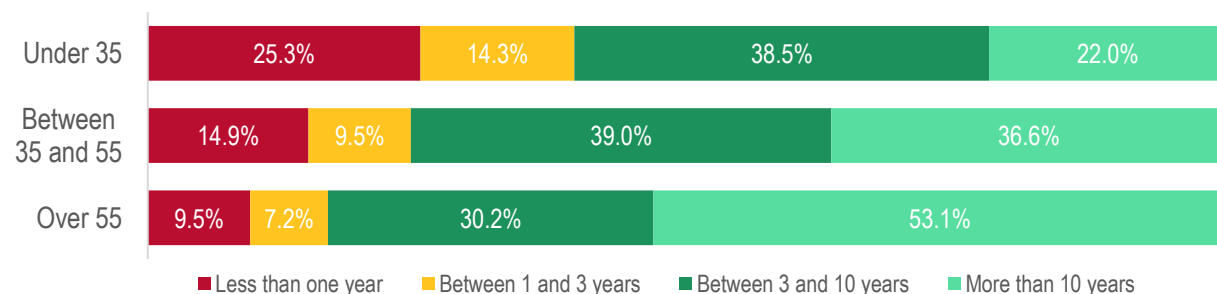
Given the age groups and the nature of employment in the retail service industry, Kroger's associates tend to stay with the enterprise longer than their peers. The mobility of American workers has been higher than in recent decades. Consequently, the median employee tenure for all workers declined from 4.4 years in 2010 to 4.1 years in 2020. The median tenure is lower for workers in the private sector (3.7 years) and even lower for retailers (3.1 years) and food and beverage service (2.0 years). Compared to occupations across industries, the median tenure of employees with their current employer was 3.3 years for sales and related occupations in 2020, down from 3.4 years in 2010. The median tenure was shorter for food preparation and service-related occupations (1.9 years). (Table 8)

Table 8.
Median Tenure with Current Employer for Select Industries and Occupations, 2010 and 2020²⁸

	2010	2020
Total, 16 years and over	4.4	4.1
by industry		
Private sector	4.0	3.7
Retail trade	3.3	3.1
Food and beverage	2.2	2.0
by occupation		
Sales and related occupations	3.4	3.3
Food preparation and service-related occupations	2.3	1.9

As shown earlier, more than 50% of Kroger's associates are under 35 years old. The median employee tenure among this age group is generally lower than the rest of the workforce. In 2020, over 25% of workers under 35 started with their current employer less than one year ago; nearly 30% had started three years ago or less. (Figure 9)

Figure 9.
Distribution of Tenure with Current Employer by Age²⁹



²⁸ Bureau of Labor Statistics. 2020. Employee Tenure.

²⁹ Bureau of Labor Statistics. 2020. Employee Tenure.

Economic and Social Impacts of Kroger in the West

Kroger's impact extends beyond its stores. Its operations and investments create a ripple effect that generates economic and social benefits for the local communities in the West. In 2020, Kroger's Western stores supported 127,374 jobs, provided \$4.7 billion in wages, generated \$62.3 billion in sales, and contributed \$8.8 billion in value-added to state economies. The company paid nearly \$1.2 billion taxes to state and local governments. A snapshot of 2020, Kroger's support to local communities includes \$57.5 million in community giving and 26 million donated meals to those in need. (Table 9)

Table 9.
Total Economic Impact of Kroger's Western Stores, 2020³⁰

	Economic Impact					Social Impact	
	Jobs	Wages (\$B)	Output (Sales) (\$B)	Value-Added (\$B)	Taxes (\$B)	Community Giving (\$M)	Donated Meals (M)
Direct Impact	84,827	\$2.7	\$31.5	\$7.3	\$1.2	\$57.5	26.0
Indirect & Induced Impact	42,547	\$2.0	\$30.8	\$1.5	-	-	-
Total Impact	127,374	\$4.7	\$62.3	\$8.8	\$1.2	\$57.5	26.0

Kroger's Western Stores Support 127,374 Jobs and Provide More Than \$4.7 Billion in Wages Annually

Currently, Kroger's Western stores directly employ nearly 85,000 associates. These jobs create other supporting jobs along the supply chain and in surrounding local communities, typically referred to as indirect and induced jobs. Based on official state employment multipliers calculated and published by the Bureau of Economic Analysis (BEA), these 84,827 direct Kroger jobs created additional 42,547 indirect and induced jobs. Altogether, Kroger stores in the West support 127,374 jobs, including 40,345 in California, 34,275 in Colorado, 22,331 in Oregon, and 30,423 in Washington. (Table 10)

Table 10.
Kroger's Employment Impact, 2020³¹

	Direct Jobs	BEA Economic Multiplier	Indirect Jobs	Total Impact
California	26,687	1.512	13,658	40,345
Colorado	21,689	1.580	12,586	34,275
Oregon	15,109	1.478	7,222	22,331
Washington	21,342	1.426	9,081	30,423
West Total	84,827	1.502	42,547	127,374

³⁰ The Kroger Co. 2021; Bureau of Economic Analysis. RIMS II Economic Multipliers for food and beverage stores (NAICS 445).

³¹ The Kroger Co. 2021; Bureau of Economic Analysis. RIMS II Economic Multipliers for food and beverage stores (NAICS 445).

Kroger in 2020 directly paid over \$2.7 billion in wages to nearly 85,000 full- and part-time associates throughout the enterprise’s Western stores in 2020.³² Wages are also paid to other indirect and induced jobs. Based on official state wage multipliers calculated and published by the Bureau of Economic Analysis (BEA), over \$2.0 billion in wages was paid for indirect and induced jobs. Altogether, Kroger stores in the West support direct, indirect, and induced jobs that were paid over \$4.7 billion in annual wages, including approximately \$1.6 billion in California, \$1.3 billion in Colorado, \$680 million in Oregon, and \$1.1 billion in Washington in 2020. (Table 11)

Table 11.
Kroger’s Annual Wage Impact, 2020³³

	Direct Wages (\$M)	BEA Economic Multiplier	Indirect Wages (\$M)	Total Impact (\$M)
California	\$894.0	1.795	\$710.7	\$1,604.7
Colorado	\$733.8	1.830	\$609.1	\$1,343.0
Oregon	\$402.5	1.689	\$277.3	\$679.8
Washington	\$677.2	1.645	\$436.4	\$1,113.6
West Total	\$2,707.6	1.751	\$2,033.5	\$4,741.1

Kroger’s Western Stores Support \$62 Billion in Sales and Nearly \$9 Billion in Value-Added to the Economy

Kroger’s stores in the West generated \$31.5 billion in sales (also referred to as “output”) during 2020. These sales result in increased economic activity along the supply chain and at businesses in surrounding communities. Based on official state output multipliers calculated and published by the Bureau of Economic Analysis (BEA), Kroger’s direct sales generated an additional \$30.8 billion for suppliers and businesses. Altogether, Kroger’s Western stores support a combined \$62.3 billion in economic output in California (\$23.1 billion), Colorado (\$17.2 billion), Oregon (\$8.6 billion), and Washington (\$13.4 billion). (Table 12)

Table 12.
Kroger’s Output Impact, 2020³⁴

	Direct Output (Sales) (\$B)	BEA Economic Multiplier	Indirect Output (\$B)	Total Impact (\$B)
California	\$11.4	2.029	\$11.7	\$23.1
Colorado	\$8.3	2.059	\$8.8	\$17.2
Oregon	\$4.5	1.885	\$4.0	\$8.6
Washington	\$7.2	1.857	\$6.2	\$13.4
West Total	\$31.5	1.977	\$30.8	\$62.3

³² The Kroger Co. 2021.

³³ The Kroger Co. 2021; Bureau of Economic Analysis. RIMS II Economic Multipliers for food and beverage stores (NAICS 445).

³⁴ The Kroger Co. 2021; Bureau of Economic Analysis. RIMS II Economic Multipliers for food and beverage stores (NAICS 445).

Enterprise sales, or output, include the costs of intermediary goods and services and internal costs of adding value to the goods and services before selling them. The latter is the “value-added” or “economic contribution” to the economy. Kroger’s value-added for its Western stores was over \$7.3 billion (\$31.5 billion sales minus 76.7% cost of goods sold) in 2020. Based on official state value-added multipliers calculated and published by the Bureau of Economic Analysis (BEA), Kroger generated \$7.3 billion direct value-added and \$1.5 billion indirect and induced value-added to Western economies. Altogether, Kroger stores in the West contributed \$8.8 billion value-added in California (\$3.3 billion), Colorado (\$2.5 billion), Oregon (\$1.2 billion), and Washington (\$1.9 billion). (Table 13)

Table 13.
Kroger’s Value-Added Impact, 2020³⁵

	Direct Value-Added (\$B)	BEA Economic Multiplier	Indirect Value-Added (\$B)	Total Impact (\$B)
California	\$2.7	1.231	\$0.6	\$3.3
Colorado	\$1.9	1.261	\$0.5	\$2.5
Oregon	\$1.1	1.151	\$0.2	\$1.2
Washington	\$1.7	1.134	\$0.2	\$1.9
West Total	\$7.3	1.205	\$1.5	\$8.8

Kroger Paid More Than \$1 Billion in State and Local Taxes

Kroger pays state and local taxes that are used, in turn, to fund a variety of government programs and initiatives. These taxes include unemployment and payroll taxes, sales tax, income or gross receipt taxes, property taxes, and other taxes. In 2020, Kroger’s Western stores contributed nearly \$1.2 billion in tax payments to state and local governments, including approximately \$373 million in California, \$325 million in Colorado, \$104 million in Oregon, and \$351 million in Washington. (Table 14)

Table 14.
Kroger’s State & Local Tax Contributions³⁶

	Total State & Local Tax Paid (\$M)
California	\$372.6
Colorado	\$325.3
Oregon	\$103.6
Washington	\$351.3
West Total	\$1,152.8

³⁵ Author’s estimates and Bureau of Economic Analysis RIMS II Economic Multipliers for food and beverage stores (NAICS 445).

³⁶ The Kroger Co. 2021.

Kroger Has Invested Millions to Support its Communities

Kroger is regularly noted as one of America's most generous companies due to its stewardship of charitable contributions. Kroger supports local communities through donations and donating meals to help end hunger in communities across America. These investments only account for a snapshot of the actual monetary and non-monetary contributions provided by Kroger and individual stores to support the broader community. Kroger community giving was \$57.5 million in the West. In addition to this monetary support, Kroger donated 26 million meals to individuals and families in need. (Table 15)

Table 15.
Kroger's Social Impact, 2020³⁷

	Monetary	Non-Monetary
	Community Giving (\$M)	Meals Donated (M)
California	\$21.1	10.0
Colorado	\$11.0	9.0
Oregon	\$9.4	2.2
Washington	\$16.0	4.8
West Total	\$57.5	26.0

Conclusion

Kroger and its associates are integral to American households and urban as well as rural communities. Nearly 85,000 associates, of which 97% of them are hourly associates, work together in 615 stores in four states in the West to serve over 1.3 million customers on a daily basis. Recognizing the important role of hourly associates to its success, the enterprise pays hourly associates higher wages and benefits compared to its peers in the overall retail industry across the country. In addition to monetary compensation, Kroger provides financial assistance to hourly associates and their children to pursue educational goals and to advance their career over the long-term. Over the past century, Kroger has built its success by empowering associates to make valuable contributions economically and socially to local communities nationwide.

³⁷ The Kroger Co. 2021.

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