GROCERY STORE FORMATS

Natural/Organic

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This is part of RetailStat's extended series on grocery formats. We began with a report that provides an overview of grocery formats and how they're used by grocery analysts. Here, we provide a deep dive into a specific format. Look for our separate reports on the other grocery formats as well.

NATURAL/ORGANIC FORMAT

The Natural/Organic format store is a specialty grocery store that sells organic and healthy products, including local produce and nutritional supplements. Some grocers in this format can cater to modest households that adopt simple living and wholesome eating. Yet, the costs of organic, locally-sourced food often limit these grocers to affluent areas where customers can afford the higher prices associated with such offerings.

Example banners in this category include MOM's, Natural Grocers, New Seasons, PCC, and Whole Foods. Whole Foods, in fact, dominates this category and is the only banner in this format that reaches coast to coast. For this reason, grocery analysts often classify the brand into its own format, "Whole Foods." This defined format parallels the Natural/Organic format in general, but Whole Foods does have some distinctive characteristics.

Whole Foods is a banner that thrives best in affluent trade areas. Its stores offer an exceptional level of customer service and dedicate a substantial amount of space to prepared foods and on-premise dining. As a part of Amazon, Whole Foods has a nationwide presence and a sizeable capital foundation.

FORMAT TAKEAWAYS

Natural/Organic grocery stores are specialty retailers focused on organic foods, local produce, and nutritional supplements, often located in affluent areas where customers can afford higher-priced products.

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MAJOR BANNERS

Although Whole Foods is the single banner with the most stores in this category, the format is also populated by hundreds of independent fresh markets and organic grocers. Combined, these independent operators total about 300 stores, outnumbering all but Whole Foods in this sector.

The category leader, Whole Foods, was founded in 1980 in Austin, Texas. It is known for high quality and also for its high price points. The operator is known for providing a large selection of organic fare and for avoiding products with artificial preservatives, colors, flavors, sweeteners, and hydrogenated fats. Its principles extend beyond food, as it doesn't sell many big national brands in such common product categories as sodas, beauty, health, or household, offering only a small selection of natural, specialized brands in such categories. The banner also strives to find local sources for its offerings.

In addition to groceries, Whole Foods has an extensive prepared foods section, with space for dining on premises in an attempt to become a "third space." In addition to seating areas, stores can also offer cafes, bars, and lounge spaces to encourage socializing, working, and interaction.

Since its founding as a 10,500 square foot store in central Austin, the concept has grown through expansion and key acquisitions, including Bread & Circus, Fresh Fields Markets, Bread of Life, and Wild Oats Markets. Whole Foods itself was acquired by Amazon in 2017 and continues to operate as a subsidiary to this day.

Company	Notable Banners	Natural Organic Stores*
Amazon	Whole Foods	500-600
Natural Grocers by Vitamin Cottage, Inc	Natural Grocers	150-200
Mom's Organic Market	Mom's Organic Market	25-50
Good Food Holdings	New Seasons	<25

*Approximate range of store count in 2025.

FORMAT FACTS

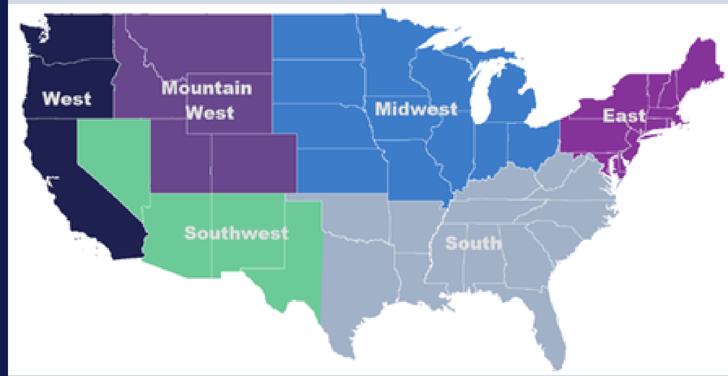
The average sales for Natural/Organic stores are slightly lower than those for grocers overall. Natural/Organic stores have a weekly sales volume of about $490,000, less than that of Conventional grocers, which is about $505,000, and less than that of grocery stores overall, which is about $555,000.

Sales efficiency for Natural/Organic stores, at $26.49 per square foot, is notably higher than most other formats, which is $17.07 for Conventional grocers and $18.66 for all grocery stores.

Note that Whole Foods far exceeds the averages of the Natural/Organic category overall. Its sales average $827,000 nationwide, with a sales per square foot of over $33.

Regional variations are notable, with stores seeing higher volumes along the two coasts, and reporting lower sales inland.

National Grocery Regions



Grocery analysts divide the Continental US into six major grocery regions. Note that, in practice, the NY MSA is its own region, separate from the East region, as is the Miami MSA, separate from the South region. For simplicity's sake, we have combined these metro areas with their respective surrounding regions. Also, in practice, the DC Metro is fully combined with the East region; for our purposes here, the Virginia and West Virginia portions of the DC Metro are included with the South region.

Average Weekly Store Volume

Complete our brief Contact Us form to receive the full, unredacted report with charts and sales volumes.

Average Weekly Sales Per Square Foot

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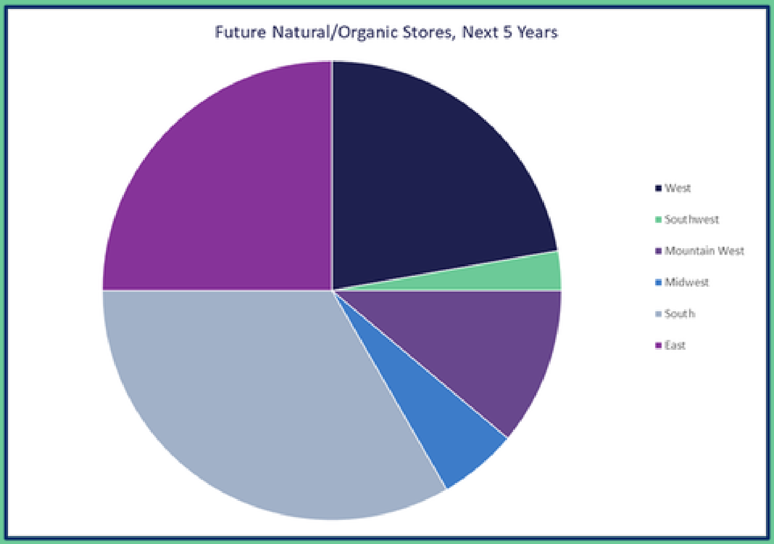
FORMAT FACTS

In terms of store size, the average Natural/Organic store is about 26,800 square feet, with about 18,000 square feet dedicated to the grocery sales area, or about a 67% ratio of grocery area to total area. The South has the largest stores on average, followed by the Southwest. The Mountain West has the smallest stores on average, at 21,400 sqft, which may seem surprising since the Mountain West also has the lowest sales per square foot on average.

GROWTH TRENDS



Natural/Organic is a sector that has seen little room for growth. Their primary customer base isn't particularly large, and the areas in which that base lives are already being served. On top of this, this sector has experienced reduced margins due to other grocery formats finding ways to tap into the organic food retail market. This encroachment isn't just from the analogous Specialty format that includes Sprouts and Trader Joe's, but also from mainline Conventional grocers and Supercenters.

RetailStat tracks that about 3.4% of new grocery stores are likely to be Natural/Organic stores. That number places this category ahead of only Warehouse (0.7%) in terms of the percentage of new stores, but it is also about the percentage of existing grocery stores that Natural/Organic currently comprises, so the sector is holding its place. The growth rate for Natural Organic stores is just under 4%.

Regionally, a third of the growth in this category is expected to be in the South, with about a quarter expected in the East and more than a fifth in the West. The regions with the least growth expected for the Natural/Organic format are the Southwest and the Midwest. Growth in this format is mostly driven by Whole Foods, including its smaller "Daily Shop" format, and by the individual growth of local and regional independent operators.

The Natural/Organic grocery format occupies a specialized niche within the broader grocery market by focusing on organic products, local sourcing, and health-oriented offerings that appeal primarily to affluent consumers. While the segment is led by major operators like Whole Foods and supported by a mix of regional chains and independent markets, it faces increasing competition as conventional grocers expand their organic assortments. Natural/Organic stores demonstrate strong sales efficiency and maintain a stable presence in the market. Future growth is expected to remain modest, with expansion driven mainly by leading banners and regional independents, particularly in the South and East.

SEE FOR YOURSELF

Natural/Organic Store Format