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SMALL-FORMAT GROCERY CONCEPTS:
WHO SUCCEEDED, WHO FAILED, AND WHY IT MATTERS

Executive Summary

In early May 2026, Schnucks announced that it would permanently close its Fresh store in Jasper, IN, five years after opening it. The 18,000-square-foot store was designed to serve a rural market with limited grocery access. It never generated sufficient volume. "The store simply has not generated the business it needs to stay open," said Chairman and CEO Todd Schnuck. A second location in Oak Grove Village, MO remains open but is under review.

Jasper is the latest in a long series of similar outcomes. Conventional grocery operators have spent more than a decade testing small-format concepts, and most have not worked. Format size is not the issue. Mission clarity, economic model, and organizational fit are.

A Decade of Conventional Grocer Format Experiments

The experiments are hardly new and even Walmart has shown susceptibility. Walmart opened its first Express store in 2011, built out 102 locations, then closed all of them in January 2016. By 2015 a broader wave had formed, conventional operators launching smaller specialty banners to compete with Whole Foods and Sprouts. The results were largely the same.

- Walmart Express
  - Shrank the supercenter model into a 12,000-square-foot box with broad assortment and a supply chain built for scale. The format-mission mismatch was fundamental.
- Kroger Main & Vine
  - One location in Gig Harbor, WA, closed after less than two years. Never demonstrated a viable cost structure at scale.
- Publix GreenWise Market
  - Grew to eight locations before exiting in 2023. Customers wanted natural and organic product integrated into their regular Publix, not a separate store.
- Schnucks EatWell
  - Natural and organic concept merged with a convenience format and discontinued in 2024.
- Ahold Delhaize bfresh
  - An urban-focused format with distinct branding, was rolled out across three locations before being folded into Stop & Shop by 2019.
- Stop & Shop small format
  - A single Newton, MA pilot absorbed into a broader rebrand.
- Amazon Fresh and Go
  - 58 Fresh stores and 14 cashier-free Go locations, all closed by February 2026. Amazon acknowledged it never established a viable economic model for physical grocery. The Just Walk Out technology was licensed elsewhere. The stores were not.

The structural problem is consistent across cases. A retailer optimized for 60,000-square-foot stores carries supply chains, labor models, and vendor economics built around that scale. Shifting into a small format changes the unit economics on almost every line. Most of these concepts also never clearly defined the trip they were designed to win, which left them positioned as smaller, lesser versions of the parent chain rather than something customers had a reason to seek out.

Who Is Winning, and Why

Purpose-built small-format concepts like Sprouts Farmers Market, which has no large-format parent, have thrived because they were designed from the ground up around a specific customer and trip mission. The more relevant question for conventional operators is whether a large-format grocer can successfully run a smaller concept alongside its existing fleet. A few have.

Hy-Vee Fast & Fresh

At around 10,000 square feet, Fast & Fresh is a convenience and foodservice hybrid built around prepared foods and quick trips. It is not a compressed Hy-Vee; it has a distinct mission and economics to match. That clarity has kept it operationally coherent where similar concepts have struggled.

Meijer

Meijer has run more small-format experiments than any conventional operator in the Midwest, with less attention. Neighborhood Markets, starting with Bridge Street Market in Grand Rapids in 2018, now has six locations built around community access and fresh. Meijer Grocery, launched in Michigan in 2023, is a food-focused offshoot of the supercenter expanding into Indiana. Both are still running and growing.

Whole Foods Daily Shop

Daily Shop brings the Whole Foods brand into neighborhoods at 7,000 to 14,000 square feet, designed for fill-in trips rather than weekly stock-up. It does not need to earn brand trust from scratch, which is an advantage most small-format spinoffs did not have. Five locations are open in New York City with five more planned by end of 2026.

Target Small Format

Target's 170+ small-format stores, concentrated in urban neighborhoods and college markets, represent one of the more durable executions of the concept outside pure-play grocery. The format works because it is built around a distinct trip mission rather than simply compressing a full-size store, precisely the clarity that most failed grocery experiments lacked. The watch flag here is organizational: CEO Brian Cornell has publicly shifted strategic emphasis toward larger stores, and a format that must compete internally for capital and attention is one that can quietly lose momentum.

Format Scorecard

18 concepts across the spectrum, from still-expanding to recently shuttered.

Concept	Operator	Status	Key Takeaway
Sprouts Farmers Market	Independent	THRIVING	Est. 2002; 440+ stores; ~40 openings planned 2026; expanding into Northeast and Midwest
Hy-Vee Fast & Fresh	Hy-Vee	EXPANDING	Est. 2017; convenience-focused fleet growth engine; clear quick-trip mission distinct from full-line stores
Meijer Grocery	Meijer	EXPANDING	Est. 2023; food-focused offshoot of supercenter operator; launched in Michigan; Indiana expansion 2024; additional locations under development
Whole Foods Daily Shop	Amazon / Whole Foods	GROWING	Est. Sep 2024; five NYC-area locations; five more planned by end of 2026; extends Whole Foods brand equity into quick-trip occasions
Fresh Thyme Market	Independent (Meijer-backed)	STABLE	Est. 2012; 70 stores in 10 Midwestern states; brand refresh and private label rebuild underway as of early 2026; performance uneven across markets and no recent growth.
Meijer Neighborhood Markets	Meijer	STABLE	Est. 2018; six locations in Michigan and Ohio as of 2025; community and food-access focus; slow but steady expansion
Target Small Format	Target	WATCH	170+ locations; urban and campus focus; strong per-square-foot productivity; CEO has shifted emphasis toward larger stores, introducing strategic uncertainty around the format's priority
Giant Heirloom Market	Ahold Delhaize / Giant	WATCH	Est. 2018; Philadelphia urban specialty concept; sole survivor of the mid-2010s conventional grocer specialty banner wave
Amazon Grocery (pilot)	Amazon	WATCH	Est. Oct 2024; single Chicago pilot alongside Whole Foods; fill-in and grab-and-go concept; status uncertain following Amazon Fresh closures
Whole Foods 365	Amazon / Whole Foods	DISCONTINUED	2016-2019; value-oriented Whole Foods spinoff; deemed unnecessary after Amazon drove price investments across Whole Foods stores
Publix GreenWise Market	Publix	DISCONTINUED	2018-2023; eight locations converted to Publix supermarkets; customers preferred specialty attributes inside a traditional Publix environment; learnings folded into new store prototype
Schnucks EatWell / Express	Schnuck Markets	DISCONTINUED	2020-2024; natural and organic concept; merged with Express format in Columbia, Missouri before full discontinuation

Format Scorecard (continued)

Schnucks Fresh (Jasper)	Schnuck Markets	CLOSED	2021-2026; original location closing May 2026; rural underserved-market thesis failed to generate sufficient transaction volume over five years
Walmart Express	Walmart	CLOSED	2011-2016; 102 locations across rural and urban markets; closed all at once in January 2016; supply chain built for supercenters could not support the smaller format economically
Kroger Main & Vine	Kroger	CLOSED	2016-2018; single Gig Harbor, Washington pilot; never scaled beyond one location
Ahold Delhaize bfresh	Ahold Delhaize	CLOSED	2015-2019; urban convenience banner in Massachusetts; development halted 2017, final location closed end of 2019
Stop & Shop small format	Ahold Delhaize	CLOSED	2018-2020; Newton, Massachusetts pilot; never scaled as a distinct concept; quietly absorbed into standard Stop & Shop rebranding
Amazon Fresh (physical)	Amazon	CLOSED	2020-2026; 58 U.S. stores closed Jan-Feb 2026; never established a distinctive identity or viable economic model
Amazon Go	Amazon	CLOSED	2018-2026; 14 U.S. cashier-free convenience stores; tech-forward but merchandise undifferentiated; Just Walk Out licensing continues at 360+ third-party sites

What Separates Winners From Failures

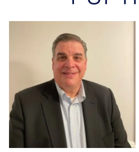
The dividing line is alignment across three areas. Mission: winning concepts are built around a specific trip type. Failing ones start with a box size and try to find the customer later. Economics: small-format grocery compresses margins. High trip frequency, pricing power, or a higher-margin category mix are usually required to make the numbers work. Market selection matters here too: rural markets often lack the frequency to cover fixed costs, while urban markets bring rent and competition that can be equally punishing. Organizational fit: concepts that operate with genuine independence, or are designed explicitly to fit within existing constraints, tend to hold together. Many failed experiments landed in the middle, inheriting the parent system's costs without its efficiencies.

Publix and Kroger have both framed their exits as learning exercises, and the learning appears genuine: Publix is incorporating the former GreenWise concept into its new store prototype. But a concept designed to inform strategy is a different thing from one designed to stand on its own, and that distinction is worth being clear about before the first store opens. The current environment makes ambiguity more costly than it used to be. Shoppers are making deliberate choices, and concepts without a clear value proposition are an easy cut.

Conclusion

Our scorecard points to a consistent finding: small-format grocery works when the trip mission, economic model, and operating structure are built as a coherent whole. The failed experiments do not share bad timing or bad markets, but rather a mismatch between the format and the organization behind it. For any conventional grocer still considering this space, the question is not whether a smaller store can be built. It is whether the business is prepared to run one differently enough to make it work.

For more information contact:



Michael Infranco
Assistant Vice President
email: mikei@retailstat.com
O: 800.789.0123 EXT: 126