

The strategic importance of Share of Life to grocery retail

ABRAS 2025

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McKinsey
& Company

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DOLLAR GENERAL

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Food inflation continues to erode purchasing power and impact consumer confidence — reshaping consumption dynamics in Brazil

1

Inflation Brazil

5%

Value of the Brazilian IPCA in 2025, marginally higher than in 2024

4.3%

Inflation expectation for 2026

2

Food Inflation

~3%

Cumulative food and beverage inflation over 12 months in August 2025

~8%

Accumulated inflation of food and beverages in Brazil in 2024

3

Brazilian Consumer Confidence

23%

Of Brazilians are pessimist that the economy will rebound in 2-3 months

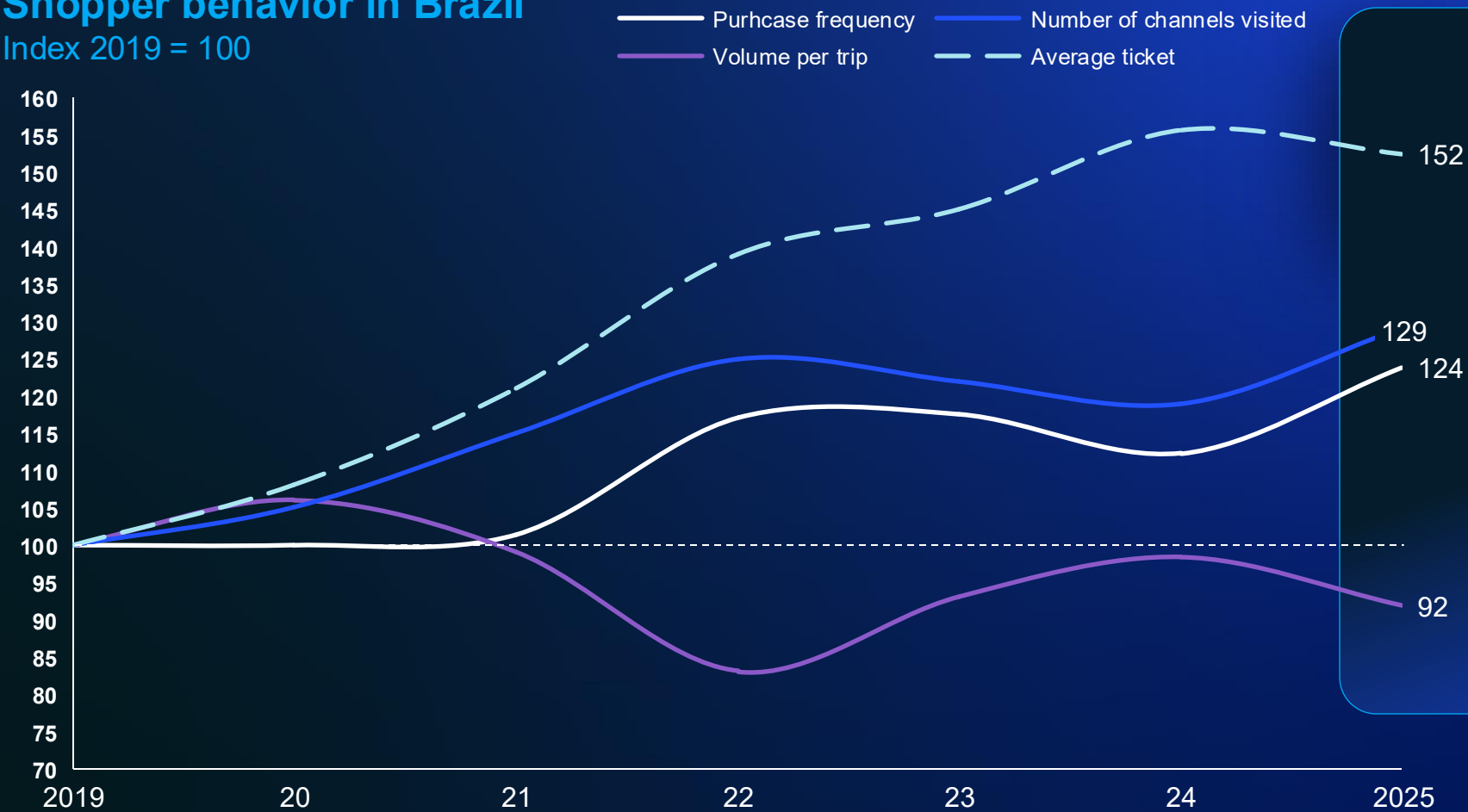
-15,4 points

Consumer Confidence Index has decreased since end of 2024

Brazilian consumers have increasingly diversified their buying habits, spreading their purchases across multiple channels

Shopper behavior in Brazil

Index 2019 = 100



Consumers are purchasing across more channels, with smaller baskets per trip, evidence that the omnichannel experience has become mainstream also in Brazil



Shifting consumer behavior opens the door for new players to enter and 'ride the wave' to capture share from incumbent players

Digital natives are moving aggressively into food, beauty and personal care to capture share (e.g. Meli, Rappi, etc)



Players are leveraging partnerships to expand reach and capture opportunities

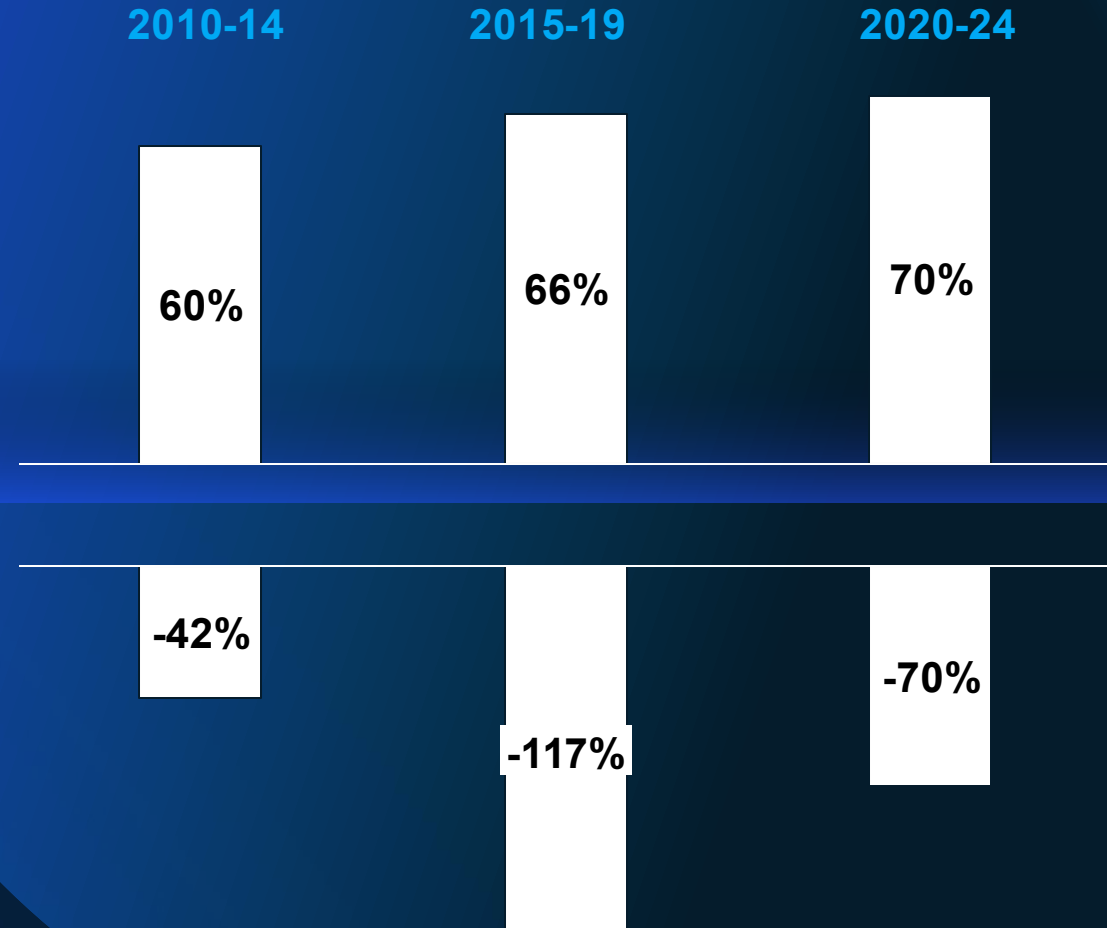
Digital platforms turn daily interactions into commerce moments with the rise of social commerce (e.g. TikTok Shops, Instagram, etc)

The gap between winners and losers in retail has increased

10 of the leading retailers¹ are capturing a larger share of the economic profit...

...while other players are facing high losses

Share of total economic profit²,
Global retail industry's aggregate



1. Economic profit = profit after subtracting the full cost of capital (true value creation)

2. Considers the global top 50 retailers by market cap, split between the top 10 and those ranked 11-50

Winning grocery players are undergoing a significant transformation, moving beyond traditional retail models...

Transitioning from focusing solely on...

Share of **Wallet**



Maximizing consumer spend on core grocery offerings (e.g., discounts, brands diversity) **prioritizing the company's needs**

... to a holistic approach that focuses on

Share of **Life**



Becoming indispensable across various aspects of consumers' lives, **placing the client at the center of the strategy**

... and being
customer centric
has become a
true imperative

From

Company-Centric

Focuses on maximizing spend within the company's products and categories, **pushing offers based on the company's needs**

Strategy tend to be vendor-driven built around the company's products



vs.

To

Customer-Centric

Focuses on understanding and addressing customer needs, preferences, and behaviors to deliver personalized, seamless, and value-driven experiences

Strategy built around customer pain points and primary needs



Although this has
been true for over
10 years...

Customer Experience

Focus on Keeping Up with Your Customers, Not Your Competitors

by Mark Bonchek and Gene Cornfield

April 28, 2016



RESEARCH BRIEF

COMMENTARY

Focus On The Consumer

by **Jack Loechner**, Staff Writer, December 5, 2013

Analytics And Data Science

The Quest for Customer Focus

by Ranjay Gulati and James B. Oldroyd

From the Magazine (April 2005)

The Truth About Customer Experience

by Alex Rawson, Ewan Duncan and Conor Jones

From the Magazine (September 2013)

WORLD ECONOMIC FORUM SPECIAL REPORT

Consumers Are Changing: Now What?

PUBLISHED TUE, JAN 22 2013•1:22 PM EST | UPDATED TUE, JAN 22 2013•2:48 PM EST

INNOVATION

Award-Winning Companies Put Customers First

By **Jeb Dasteel**, Brand Contributor.
for **Oracle**, **BRANDVOICE** | Paid Program

Published Jan 15, 2014, 11:22am EST, Updated Jun 08, 2017, 07:24pm EDT

LEADERSHIP > CMO NETWORK

Marketing: Building A Customer-Centric Marketing Ecosystem

By **Daniel Newman**, Contributor. © I explore all things Digital Transformation.

[Follow Author](#)

Published Feb 17, 2015, 11:25am EST, Updated Feb 17, 2015, 12:41pm EST

The background is a dark blue gradient. A large, semi-transparent blue circle is positioned on the left side, partially overlapping the text. Several horizontal trails of bright blue, glowing particles or dust streak across the image, creating a sense of motion and depth.

**... few companies have
actually achieved customer
centricity and captured real
value from it**



Dollar General is the **biggest US retailer** in number of stores and a success case of a **truly customer-centric organization**

>20.5K

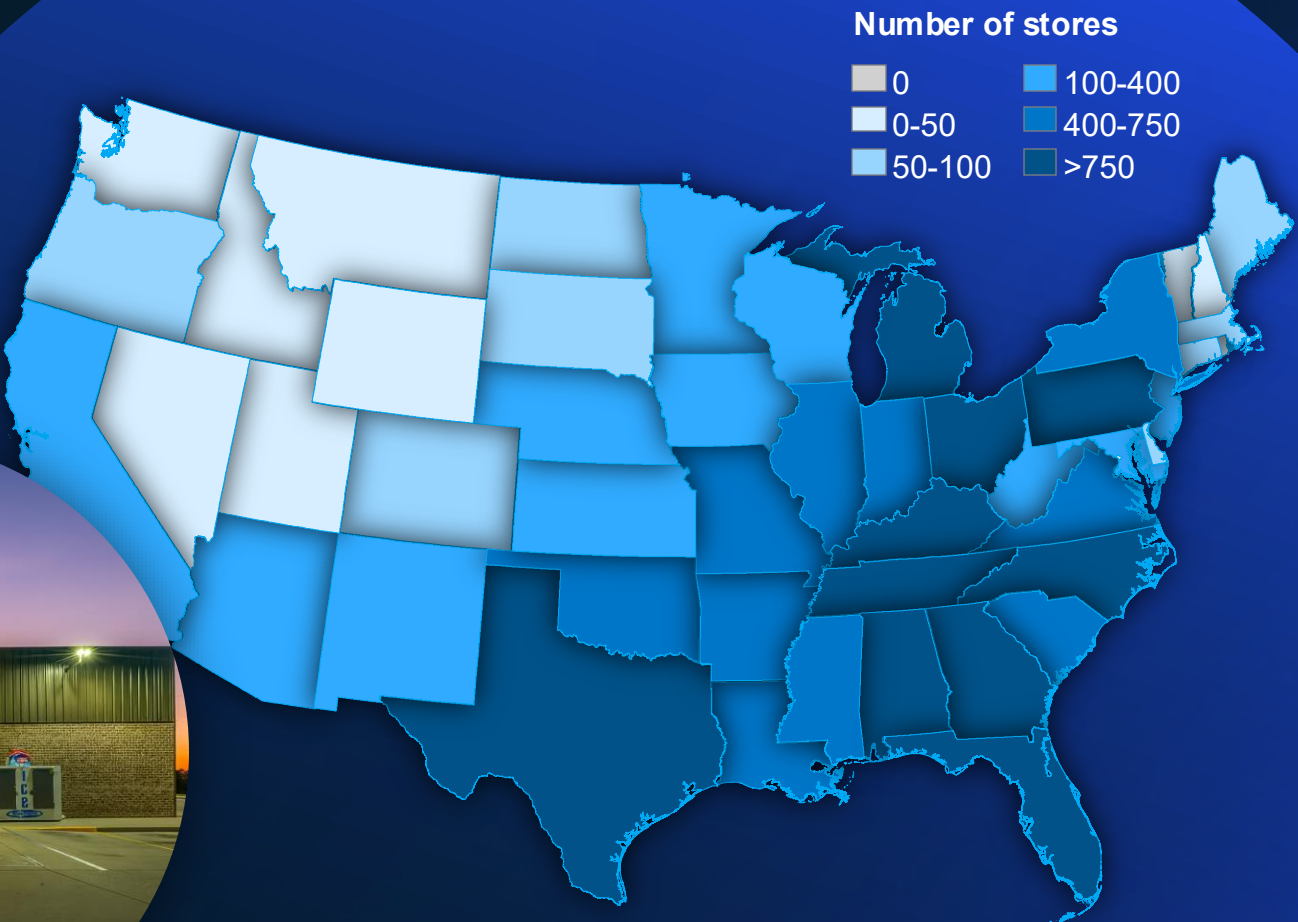
stores across the US

\$41 Bi

in revenues in 2024

+9% p.a.

EBITDA¹ since 2015



1. Considers adjusted EBITDA

Dollar General went through a transformation during turbulent times – like many of you



**Evolving core
Business**

From “1\$ or less” to
major **discount retailer**



**Growing in capital-
constrained
enviroment**

Rather than buy real state,
lease most of its stores



**Winning
competition**
(Walmart and Amazon)

Go where other’s
won’t

Key lessons learned from Dollar General





\$

Value Valley

“We turned \$1 into a gateway for trial, building trust for customers and growth for our partners.”

“Value Valley was a win-win: customers gained access, brands gained loyalty, and DG grew categories by more than 20%.”



The magic of one dollar

“For our customers, the \$1 price point was magic — it gave them confidence and dignity at checkout.”

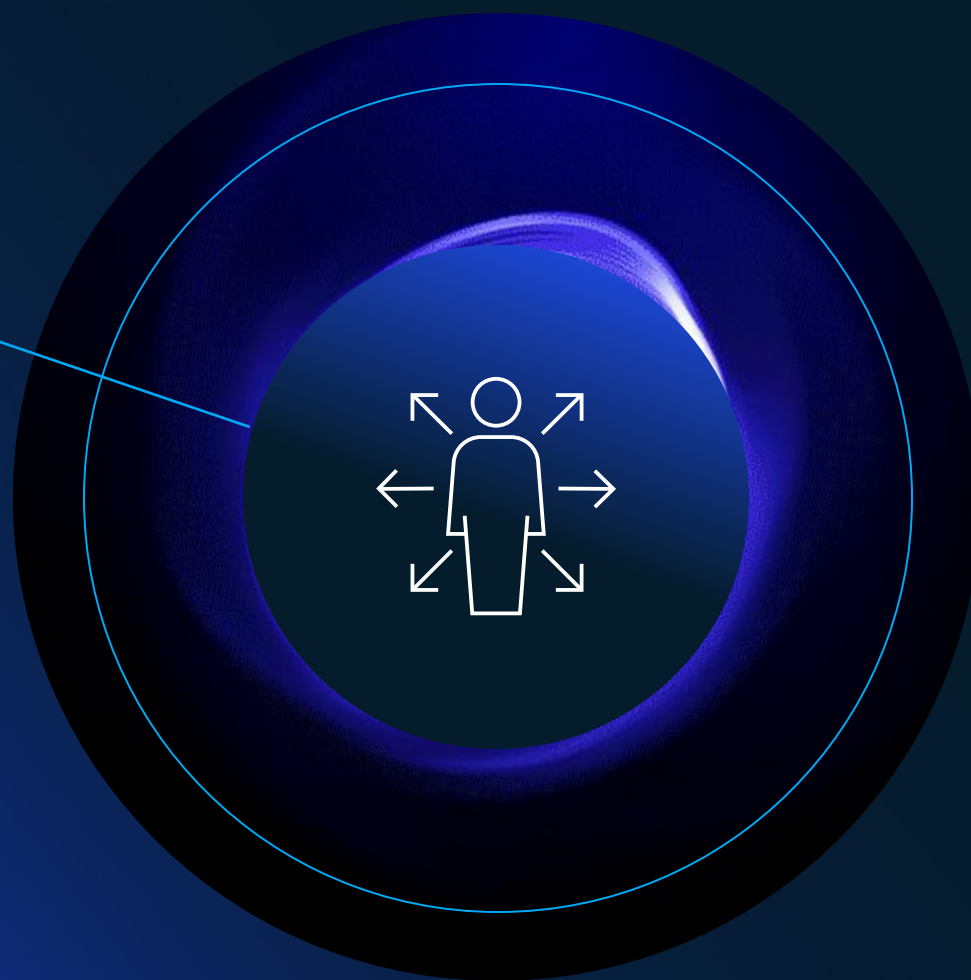
“Value isn’t just about price per ounce, it’s about making sure a family can put together a meal for \$5.”



Customer as a compass

“Our customers told us they couldn’t afford to get sick — that insight became our north star in health and wellness.”

“Listening to customers showed us where to grow, and the results were both relevant for them and profitable for us.”



Listening beyond the bias

"Our job was not to push our bias, but to challenge partners to design solutions that truly fit our customer's life."

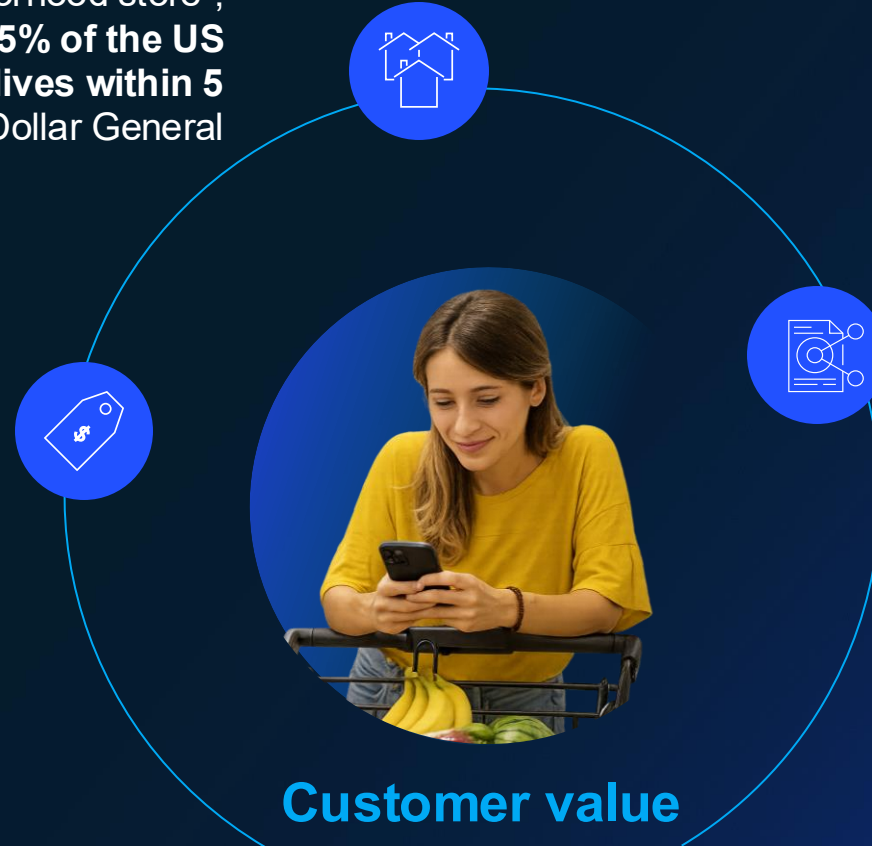
"By starting with the customer's reality, we turned a perceived barrier into one of our fastest-growing businesses."

Dollar General has built a robust value proposition based on affordable prices, convenience, and assortment around consumer needs

The companies **expands relevance in customers' lives** by aligning a strong value proposition with excellence in execution, both in stores and leveraging digital

Affordability:
Dollar General holds a wide range of products with ~15k SKUs, and maintains at **least 2k SKUs priced at \$1 or less**

Convenience & Proximity:
positioned as a "neighborhood store",
~75% of the US population lives within 5 miles of a Dollar General



Customer value proposition

Assortment & customer needs:
in recent years, Dollar general has expanded product and service offerings based on the unique needs of its customer base (from essentials to wellness)

A 40 billion dollar company with an ecosystem that ties it all together



Health and well being



Financial Services



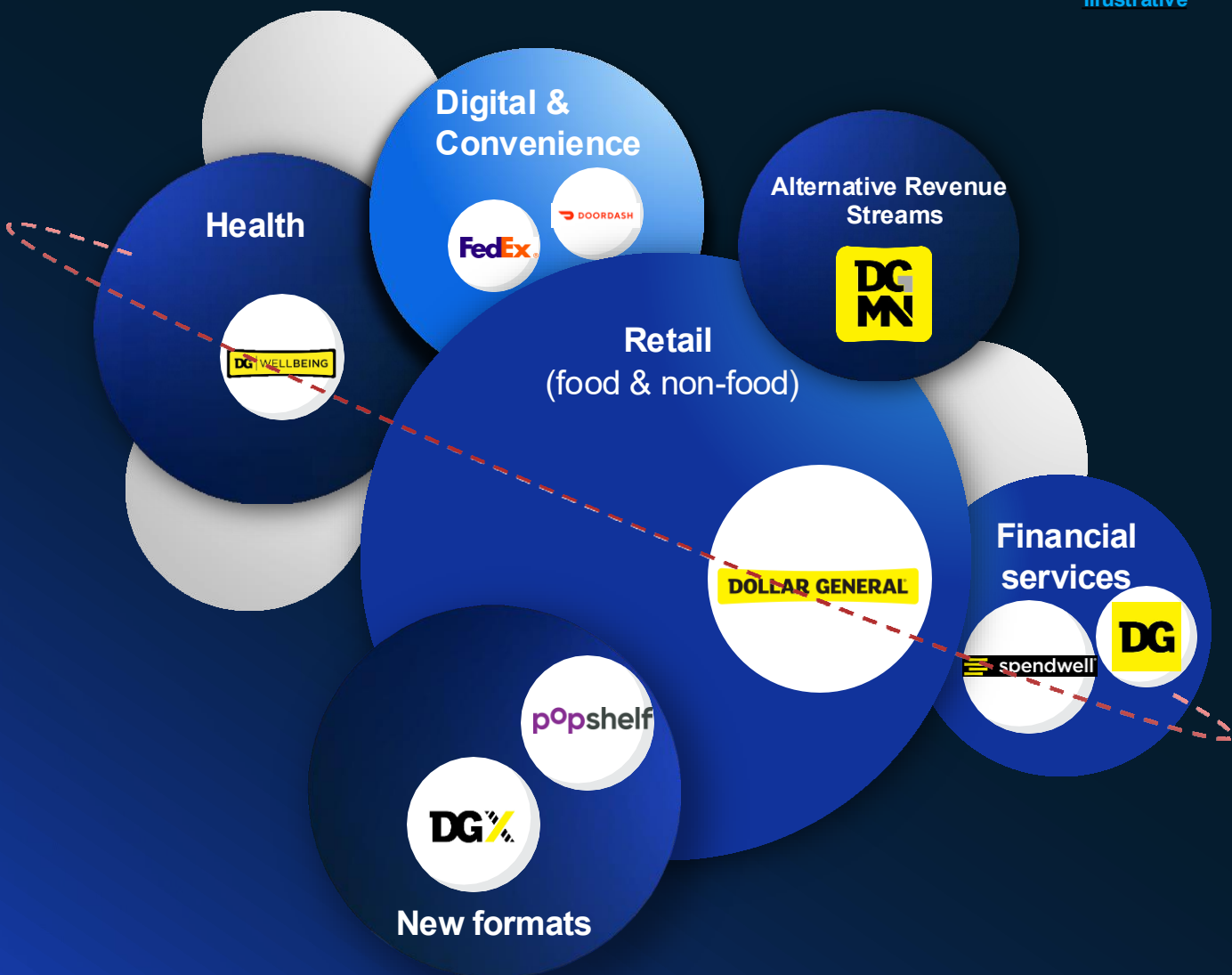
Digital & Convenience



New formats

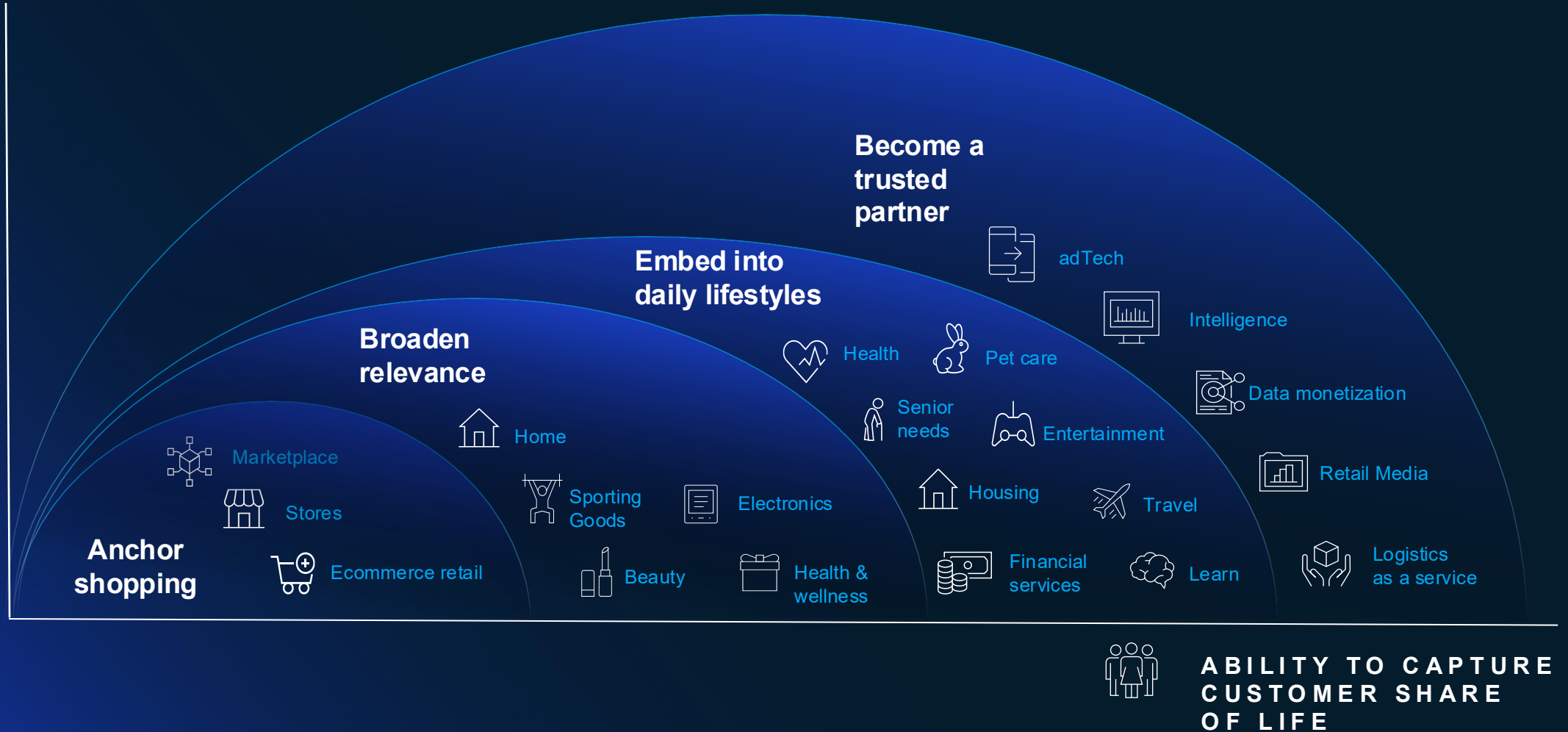


Alternative Revenue Streams



Moving successfully beyond the core requires a new retail playbook

POTENTIAL
RETAILER
GROWTH



Expanding share of life can drive both growth and profitability



amazon ads

USD57B

In net sales in 2024 and 3rd largest advertising company in the world with (10% of total net sales)

~40-50%

Operating margin estimated for Amazon Ads vs. ~11% Amazon overall

Walmart 

 Walmart Connect

Walmart+ 

~50%

incremental profit growth is coming from new businesses (advertising, membership and marketplace)

~30%

growth of Walmart Connect (advertising)

The strategic imperatives to win in the next era

Strengthen the Core

RENEW YOUR VALUE PROP

Recognize the changing consumer behavior and **evolve your value proposition** to serve their needs

MASTER RETAIL FOUNDATIONS

Leverage data, analytics and AI to reach the **next frontier of retail capabilities** (e.g. pricing, promo, assortment, vendor negotiation, etc)



Go Beyond the Core

EXPAND YOUR OFFERINGS

Explore adjacencies in **new categories (health, financial services, mobility, etc.)** and/or **new channels** to monetize and boost profitability

LEVERAGE TECHNOLOGY TO MONETIZE

Develop infrastructure to capture, integrate, and leverage consumer data to **unlock other revenue streams** (e.g. RMN, loyalty, etc)

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