

# Congress of the United States

Washington, DC 20515

September 30, 2024

Frans Muller  
Chief Executive Officer  
Ahold Delhaize USA1385 Hancock Street  
Quincy, MA 02169

Dear Mr. Muller:

We are writing to follow up on reports from last year that Ahold Delhaize subsidiary Stop & Shop Supermarket Company, LLC (Stop & Shop) is charging egregiously higher prices at an urban location in Boston, Massachusetts than it does at a suburban store location.<sup>1</sup> In the interest of ensuring Massachusetts residents have fair access to reasonably priced groceries, we write to request information on Stop & Shop's pricing algorithms and decision-making processes across store locations.

In June 2023, a group of Boston youth volunteers at the Hyde Square Task Force published the results on an investigation into pricing discrepancies at Stop & Shop locations in Massachusetts. "[T]hey found that Stop & Shop is charging 18% more for groceries in a largely minority and working-class area of Boston's Jamaica Plain neighborhood, compared to the Stop & Shop in Dedham, a more affluent suburb."<sup>2</sup>

The Task Force bought nearly identical grocery items at Stop & Shop locations in Jamaica Plain near the Mildred C. Hailey housing complex in Jackson Square, and in Dedham, a suburb south of Boston.<sup>3</sup> They found that the cost of several staple items was higher at the Jamaica Plain location: for example, a box of Bubba's turkey burgers was \$11.49, compared to \$9.49 in Dedham.<sup>4</sup> Stop & Shop-branded crinkle-cut French fries were 90 cents more in Jamaica Plain, and Smithfield bacon was two dollars more.<sup>5</sup> In total, the Task Force found that the same grocery cart of items cost \$34 more at their local Stop & Shop in Jamaica Plain than in suburban Dedham.<sup>6</sup> According to their subsequent report, "if a household spends \$300 on groceries

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<sup>1</sup> Boston Globe, "Teens investigating equity find Stop & Shop charges more in Jackson Square than at a more affluent suburb," Tiana Woodard, June 5, 2023, <https://www.bostonglobe.com/2023/06/05/metro/were-being-ripped-off-teens-investigating-equity-find-stop-shop-charges-more-jackson-square-than-more-affluent-suburb/>.

<sup>2</sup> GBH, "Youth investigators speak out about Stop & Shop price disparities," Diego Lopez and Judie Yuill, June 12, 2023, <https://www.wgbh.org/news/local/2023-06-12/youth-investigators-speak-out-about-stop-shop-price-disparities>.

<sup>3</sup> Boston Globe, "Teens investigating equity find Stop & Shop charges more in Jackson Square than at a more affluent suburb," Tiana Woodard, June 5, 2023, <https://www.bostonglobe.com/2023/06/05/metro/were-being-ripped-off-teens-investigating-equity-find-stop-shop-charges-more-jackson-square-than-more-affluent-suburb/>.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

weekly, it would be spending \$2,808 per year more at the Jamaica Plain store than at the Dedham one.”<sup>7</sup>

These types of price discrepancies place significant burdens on already-struggling consumers. The median household income for the census tract of the area surrounding the Jamaica Plain Stop & Shop is \$35,900 per year.<sup>8</sup> Due to the high prices at the Jamaica Plain location, some families from Jamaica Plain have been forced to “comparison shop,” driving to different grocery chains across the city in search of lower prices.<sup>9</sup>

In February of this year, in a letter responding to the Task Force’s 2023 report and a subsequent letter from the Task Force,<sup>10</sup> Stop & Shop denied the group’s findings, insisting that the overall price difference between the locations is “less than the 21 percent the original study reported.”<sup>11</sup>

Stop & Shop’s actions appear to reflect a problem of opportunistic and sometimes-predatory pricing practices by major food and grocery corporations in the United States. During the Covid-19 pandemic, large corporations across the economy took advantage of supply chain disruptions to prey on consumers by raising prices by even more than necessary to cover increases in costs.<sup>12</sup> Nearly two years later, corporations’ production costs are down and their profits are ballooning, yet prices continue to climb—suggesting a pattern of corporate profiteering.

Major food and grocery companies are using a range of abusive pricing tactics. National grocery store chains, including Kroger and Walmart, are rapidly expanding their use of Electronic Shelving Labels (ESLs) that will enable dynamic pricing such as changing the prices of goods based on temporary factors such as the time of day or the weather. By updating price tags with the simple click of a button, corporations will be able to suddenly raise the consumer costs at times when certain products are in highest demand.<sup>13</sup> Executives of Hershey’s and General Mills have gone on the record bragging about raising prices beyond what was necessary to cover any increased costs.<sup>14</sup> These abuses are possible because a handful of giant food and grocery

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<sup>7</sup> *Id.*

<sup>8</sup> Census Reporter, “Census Tract 812, Suffolk, MA,” <https://censusreporter.org/profiles/14000US25025081200-census-tract-812-suffolk-ma/>.

<sup>9</sup> Boston Globe, “Teens investigating equity find Stop & Shop charges more in Jackson Square than at a more affluent suburb,” Tiana Woodard, June 5, 2023, <https://www.bostonglobe.com/2023/06/05/metro/were-being-ripped-off-teens-investigating-equity-find-stop-shop-charges-more-jackson-square-than-more-affluent-suburb/>.

<sup>10</sup> Boston Globe, “Teens call on Stop & Shop to use consumer data profits to erase price inequities at stores,” Tiana Woodard, February 22, 2024, <https://www.bostonglobe.com/2024/02/21/metro/hyde-square-youth-stop-and-shop-pricing/?p1=StaffPage>.

<sup>11</sup> Boston.com, “Stop & Shop responds to Boston youth group’s letter on price inequities,” Tiana Woodard, The Boston Globe, February 26, 2024, <https://www.boston.com/news/the-boston-globe/2024/02/26/stop-shop-responds-to-boston-youth-groups-letter-on-price-inequities/>.

<sup>12</sup> Office of Senator Elizabeth Warren, “PRICE GOUGING PREVENTION ACT OF 2024,” one pager, <https://www.warren.senate.gov/imo/media/doc/Price%20Gouging%20Prevention%20Act%202024%20One-Pager.pdf>.

<sup>13</sup> Letter from Senators Warren and Casey to Kroger Co., August 5, 2024, [https://www.warren.senate.gov/imo/media/doc/warren\\_casey\\_letter\\_to\\_kroger\\_re\\_electronic\\_shelving\\_and\\_price\\_gouging.pdf](https://www.warren.senate.gov/imo/media/doc/warren_casey_letter_to_kroger_re_electronic_shelving_and_price_gouging.pdf).

<sup>14</sup> Office of Senator Elizabeth Warren, “ICYMI: Chairing Economic Policy Subcommittee, Warren Calls Out Giant Corporations for Hiking Up Food Prices While Raking in Record Profits, Urges Action to Promote Competition and

companies dominate each level of the supply chain,<sup>15</sup> a situation poised to worsen with the pending Kroger-Albertsons and Mars-Kellanova mergers.<sup>16</sup>

Thankfully, federal policymakers are homing in on this corporate malpractice. Just last month, Vice President Kamala Harris called for a federal ban on corporate price gouging on food and groceries, in addition to vowing to protect America's small farmers and grocery retailers in the face of proposed mergers that result in lower competition and higher costs.<sup>17</sup> The FTC and DOJ continue to challenge mergers and acquisitions that would decrease competition and give the largest food and grocery companies monopoly pricing power.<sup>18</sup> Proposed legislation in Congress would protect consumers by establishing a federal ban against price gouging.<sup>19</sup> It is shameful that Stop & Shop appears to be engaging in corporate profiteering schemes that squeeze residents and families in Massachusetts. In the interest of ensuring all Massachusetts families are paying fair and reasonable prices for the food they work hard to put on the table, we request the following information by October 14, 2024:

1. What pricing algorithms does Stop & Shop use to price its goods?
  - a. Please provide a list of all factors that go into pricing decisions, and their ranked weight of importance in the overall decision-making process.
  - b. Does Stop & Shop take into account neighborhood demographics or U.S. Census tract information as part of its pricing decisions?
  - c. Does this algorithm result in price differences for stores in urban, rural, and suburban areas?
2. Please provide updated, current prices for each of the 17 products that the Hyde Square Task Force identified as being more expensive at the Jamaica Plain location than the Dedham location, for each of those locations.
  - a. In the aggregate, what is the price difference for these products at these locations?
  - b. What explains this price difference?
3. How much does Stop & Shop pay to lease its store space in Jamaica Plain? How much does Stop & Shop pay to lease its store space in Dedham?

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Bring Down Costs,” press release, May 23, 2024, <https://www.warren.senate.gov/newsroom/press-releases/icymi-chairing-economic-policy-subcommittee-warren-calls-out-giant-corporations-for-hiking-up-food-prices-while-raking-in-record-profits-urges-action-to-promote-competition-and-bring-down-costs>.

<sup>15</sup> Letter from Warren, McGovern, Lawmakers to President Biden, May 13, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.05.13%20Letter%20to%20Biden%20Admin%20on%20Food%20Prices1.pdf>.

<sup>16</sup> Office of Senator Elizabeth Warren, “Warren, Hirono, Sanders, Booker and Lawmakers Urge FTC to Block Kroger-Albertsons Merger and Reject Flawed Structural Remedies,” December 12, 2023, <https://www.warren.senate.gov/newsroom/press-releases/warren-hirono-sanders-booker-and-lawmakers-urge-ftc-to-block-kroger-albertsons-merger-and-reject-flawed-structural-remedies>.

<sup>17</sup> New York Times, Harris Will Back Federal Ban on Price Gouging, Campaign Says,” Jim Tankersley, August 14, 2024, <https://www.nytimes.com/2024/08/14/business/kamala-harris-price-gouging-inflation.html>.

<sup>18</sup> Federal Trade Commission, “FTC Challenges Kroger’s Acquisition of Albertsons,” press release, February 26, 2024, <https://www.ftc.gov/news-events/news/press-releases/2024/02/ftc-challenges-krogers-acquisition-albertsons>.

<sup>19</sup> Office of Senator Elizabeth Warren, “Warren, Baldwin, Casey, Schakowsky Reintroduce Legislation to Crack Down on Price Gouging by Giant Corporations,” press release, February 15, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-baldwin-casey-schakowsky-reintroduce-legislation-to-crack-down-on-price-gouging-by-giant-corporations>.

4. Does Stop & Shop change its prices based on price increases at nearby grocery stores—for example, at the Whole Foods located 0.7 miles from Stop & Shop’s Jamaica Plain location?
5. There are 124 Stop & Shop Locations in Massachusetts.<sup>20</sup> Please provide, for the 17 items included in the Hyde Square Task Force’s study, the highest and lowest price that they have been sold at in Massachusetts Stop & Shop locations in the past year –and what the respective store locations for each of these are.
6. What actions, if any, has Stop & Shop taken to lower prices and make prices more uniform across its 124 Massachusetts locations following the release of the Task Force report in June 2023?

Sincerely,



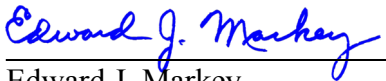
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Elizabeth Warren  
United States Senator



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James P. McGovern  
Member of Congress



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Edward J. Markey  
United States Senator



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Ayanna Pressley  
Member of Congress

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<sup>20</sup> Stop & Shop, “124 Stop & Shop Locations in Massachusetts,” <https://stores.stopandshop.com/ma>.