NIQ Perspectives
Dollar Channel

October 24, 2025

In today's FMCG landscape, the concept of value is undergoing a profound transformation. For too long, value has been narrowly equated with price—lower cost, better deal. But this definition is incomplete and increasingly outdated. Value is not a number; it's a justification. It's the story a shopper tells themselves about why a product, a channel, or a retailer is worth their money.

$$Value = \frac{Justification\ of\ Price}{Price}$$

This equation reframes the conversation. It acknowledges that price is only one part of a broader calculus—one that includes emotional resonance, functional benefits, and contextual relevance. When the justification is strong enough, price becomes secondary.

Value doesn't stop at the product. It extends to the channel and the retailer. Shoppers don't just buy things—they buy into experiences. They drive past stores to shop where they feel understood. They seek out assortments that reflect their values, whether that's organic, local, or budget-friendly. And increasingly, even high-income households are shopping the Dollar Channel—not because it's cheap, but because it delivers value that resonates.

Brands and retailers that embrace this holistic view of value–beyond price–will separate themselves from the rest. They'll earn loyalty not just through affordability, but through authenticity, alignment, and experience.

Chris Costagli

Vice President, Thought Leadership, F&B Insights Lead

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Beyond the Buck
Rethinking The Dollar Channel

With Publicly reported Dollar retailers outperforming business expectations for Q2 2025, The Dollar Channel shows a promising future within the CPG landscape:

	Dollar Tree	Dollar General
Net Sales Growth	**+12.3%** to **$4.6B**	**+5.1%** to **$10B**
Same-Store Sales Growth	**+6.5%**	**+2.8%**
Gross Profit Margin	**34.4%**	**31% (+137 bps YoY)**
Strategic Initiatives	- Multi-price format conversion - Uber Eats partnership - Family Dollar sale completed	- Store expansion - Targeting higher-income households

Dollar Store Momentum

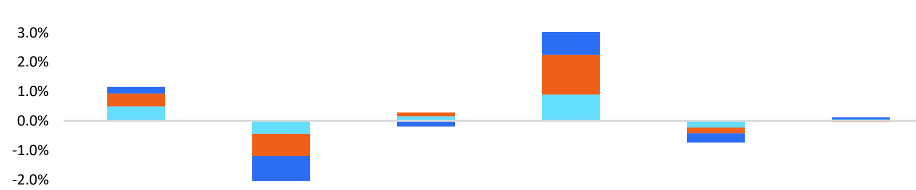
As Consumer's continue to navigate the everchanging landscape of the retail environment, The Dollar channel is seeing increased sales activity netting a positive +$565M from other channels. Predominantly from convenience (+387M) and grocery (+$323M) [1]

Who is the Dollar channel shopper?

The Dollar channel is quietly expanding their relevance beyond their low-income core, with share of wallet gains across all income tiers. Most notably a +0.4% increase among middle-income shoppers when looking at in-store Share of Wallet. While Warehouse Clubs also grew, the Dollar channel is the only other channel showing consistent positive momentum across all income brackets, signaling a broader shift in consumer behavior toward value-driven shopping.

Dollar Channel Shopper

Brick & Mortar Share of Wallet Chg. vs. YA by Income Level [3]

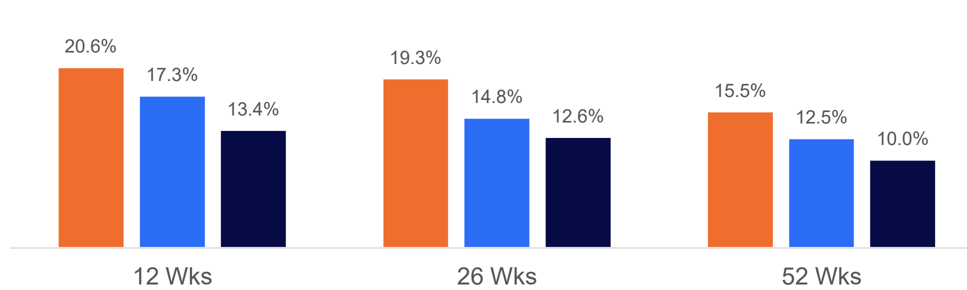


	Dollar Store	Mass Merch	Grocery Store	Warehouse Club	Drug Store	Convenience
$100000 +	0.2%	-0.9%	-0.2%	2.1%	-0.3%	0.1%
$50-$99K	0.4%	-0.7%	0.1%	1.3%	-0.2%	0.0%
Under $50K	0.5%	-0.4%	0.2%	0.9%	-0.2%	0.0%

Under $50K $50-$99K $100000 +

The Shopper with the largest YOY Increases at DG are households with +100K in annual income, with the greatest increases happening in the most recent time periods

+100K Household Increased Engagement At Dollar Stores [3]



Sources:
[1]Dollar General Q2 2025 Earnings Call
[2]Dollar Tree Q2 2025 Earnings Call
[3]NielsenIQ Omnishopper, Total US, Brick & Mortar, Dollar Channel (private and publicly traded dollar retailers) 52WE 8/09/25

NIQ Perspectives

Creating a true omnichannel shopping experience is a key initiative for dollar store operators to capitalize on current advantages in the U.S. retail landscape. Online shoppers skew higher income than in-store shoppers and place a premium on convenience, especially when it comes to flexible fulfillment options. As macroeconomic factors continue to draw these demographics toward dollar stores, enabling seamless home delivery will be critical to fully capturing this shift in demand.

Dollar stores have a significant logistical edge over other retailers thanks to their expansive store networks, which offer exceptional proximity to consumers. Many of these stores are in rural area; regions where other major chains are only beginning to invest in infrastructure to support fast and reliable eCommerce delivery. By leveraging their existing footprint as a distributed logistics network, dollar stores can serve these communities more efficiently and at lower cost.

This proximity also makes it easier to deliver perishable food items, which have become a growing focus for dollar stores in recent years. Online food sales represent a major growth opportunity in U.S. retail: over the past 52 weeks, consumers spent 53% of their in-store dollars on food, compared to just 21% of their online spend. Closing this gap is one of the most lucrative growth opportunities in retail, and dollar stores are uniquely positioned to lead the way in rural markets and with price sensitive shoppers.

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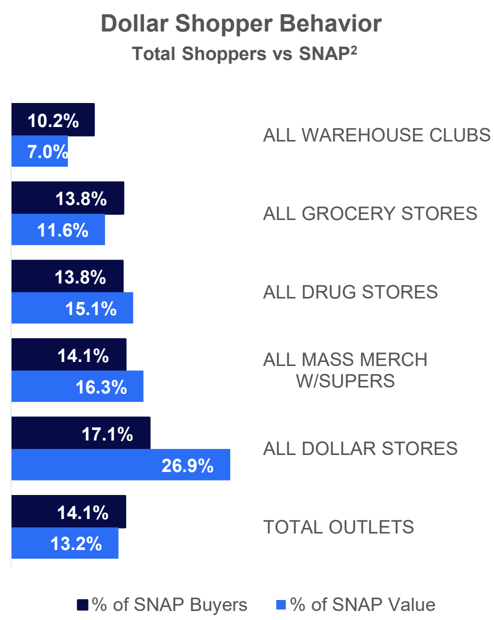
SNAP Shopper Effect: Loyalty & Lift in the Dollar Channel

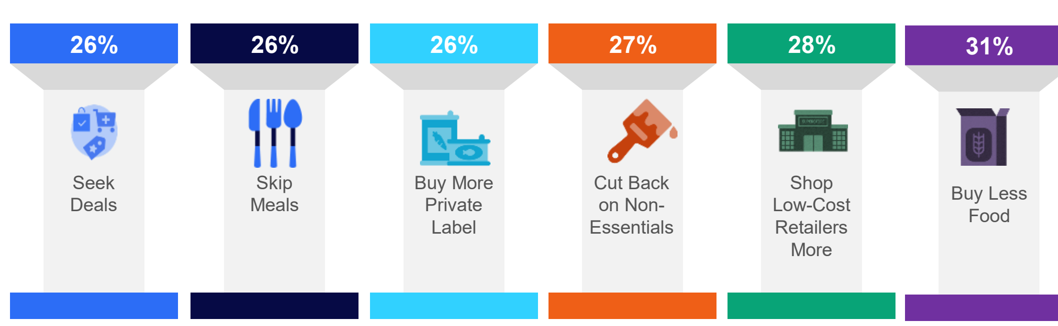


Food stamp usage has increased over the past year with 88% of food stamp users shopping the Dollar channel. With an average basket size of $20.14, these shoppers not only spend slightly more per trip than the average customer ($19.41), but they also demonstrate exceptional loyalty, returning more frequently and relying on the channel as a consistent source for everyday essentials making an average 48 trips per year compared to 30 trips for All Shoppers.

SNAP shoppers are highly value driven and vulnerable to benefit reductions. According to NIQ's latest SNAP Survey, these consumers will cut back on non-essential purchases, intensify their search for deals, and even skip meals when benefits are reduced. With the highest penetration among SNAP users, Dollar stores are uniquely positioned to support this critical customer base if they can consistently deliver the value and savings these shoppers expect.

SNAP Shopper's Under Pressure

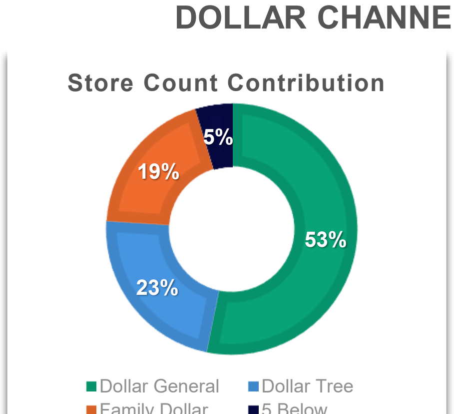
Planned Adjustments to Shopping if SNAP Benefits are reduced in 2025[3]



Evolving Value in an Omni World

With nearly **40,000 locations within reach of 97% of U.S. households** and 87% of those households actively shopping the channel, Dollar stores have the physical infrastructure to support ultra-fast, hyper local delivery. By leveraging third party partnerships with platforms like UberEATS, Instacart, and DoorDash, Dollar retailers can further redefine convenience through 1 hour delivery models. This positions the Dollar channel not just as a value player, but as a viable contender in the evolving omnichannel landscape.

DOLLAR CHANNEL – TOTAL US $79B+ ACV[2]



Sources:
[2]NiesenIQ Homescan Panel, All Outlets, SNAP Survey, Total US, Total Store Excluding Tobacco, 52WE 07/26/25,
[3]NIQ, BASES Quick Question Omnibus Survey, February 2025, n=1,003
[2]NIQ Spectra - August 2025