

## Special Report:

# KROGER TEXAS DIVISION

## 70 years strong, retailer paves path of progress

*The past: Fast-growing Lone Star State remains fertile grocery soil*

by Lorrie Griffith / senior content creator

Kroger has a longstanding history and deep roots in Texas, dating back to 1955 when the Ohio-born grocer entered the Houston market with the purchase of grocery company Henke & Pillot, which had been in operation since 1872. Kroger kept the Henke & Pillot name on the stores for about 10 years, replacing it in 1966 with its own banner.

The decision to move into Texas grew out of company leadership recognizing that the Lone Star State was one of the most progressive and fastest-growing areas of the country at the time.

Since that move more than 70 years ago, Kroger Texas has become a prominent feature on the state's grocery landscape. It has expanded its operations from Houston up to Dallas and beyond, today operating 207 supermarkets and 165 fuel centers in north, east and southeast Texas and southwest Louisiana. And more are on the way.

The company has created thousands of retail roles – and career advancement opportunities – across its Texas operations, with team members today totaling more than 26,000. Thanks to its corporate scale, Kroger can offer team members competitive wages and a strong benefits package, including a pension program for retirement.

These perks are working, too. Team member tenure in the market is “incredible,” noted Rudy DiPietro, president of the Kroger Texas Division, which was created Aug. 1, 2025, when the company combined its Dallas and Houston divisions.

“I can't tell you how many I've met with 40, 50 years plus of tenure, and it feels like everybody's got 20-plus,” he said. “And we're welcoming new associates onto our team every day.”

Kroger Texas not only cares about the well-being of its team members but also its communities.

The Zero Hunger | Zero Waste impact plan's goal is to one day end hunger and food waste in local communities.

“For us, it's a very meaningful effort,” he said.

### 'A smooth transition'

Kroger Texas President Rudy DiPietro grew up in Maine and started his career at local grocery company Hannaford. He stayed there for 12 years before holding roles at Food Lion, Stop & Shop and the Center of Excellence for parent company Ahold Delhaize.

His family had moved eight times during those years but always remaining on the East Coast. Thus, Texas was a major leap for the family, which includes his wife and children ages 5, 7 and 9. But they're glad they took that leap.

“This has been our best move by far for me professionally, primarily because of the folks I get to work with every day,” DiPietro said. “The team is just incredible, even through all this change we've imposed on folks [in merging the Houston and Dallas divisions], but my team is just amazing.”

“The energy I feel when I'm at stores, and the willingness to think differently and evolve through change ... I'm a very competitive person, and that's the thing that I think always draws me back when I'm at store level, it's just that dedication to go win. We have some difficult competitive scenarios that are out there, but we're focused on doing it.”

The move has been good on a personal level as well.

“There's a unique and special element of family-centricity in Texas, and in the community that we live in, it's exactly like that. Folks want to come up and meet you and welcome you to the neighborhood, and the kids are riding bikes.”

“It feels a little old school in a way, but it's refreshing. The schools are great at transitioning young children into the environment, so it's been a smooth transition for us as a family, and professionally.”

“I'm having more fun than I've ever had in my life.”



Rudy DiPietro



“It starts at store level, obviously. Our ability to secure the product at store level and get it into the hands of folks that can help solve that food insecurity challenge is the key.”

“It's an interesting thing in our industry. You're always on this chase to throw less away,” DiPietro continued. “I'm proud of our store teams and the processes we have in place to create an opportunity for an outlet with that product.”

In addition to this overarching goal, Kroger Texas also has a history of stepping in when communities have needs it can meet. It has supplied food, water and volunteers when weather disasters such as hurricanes, floods and winter storms have impacted its markets. Over the years, Kroger has donated 127 million meals in Texas alone.

For customers, Kroger has continued to build stores and fuel centers in their neighborhoods to give them convenient places to shop, and it also rolled out – in 2003 – its Kroger Plus card. Customers who enroll in the program get extra savings at the shelf and discounts on fuel as well as personalized and digital coupons.

These past 70-plus years of operating in the Lone Star State perhaps qualify the Midwest-born grocer to declare itself “Texas proud.”

“We are proud of our history here in Texas,” DiPietro said. “It's still a customer-first proposition, an associate-first proposition. That's the way we like to talk about it – we take care of each other so we can take care of our customers and drive our business forward. We honor our history here, we honor tenure and we appreciate the way we've been able to build relationships in the communities we serve.”

“And we're going to continue to do that for hopefully another 70 years plus.”



# The present: Understanding what shoppers want key to sustained success

by Lorrie Griffith / senior content creator

Texas has always been one of the most dynamic, competitive markets Kroger has competed in. To try and keep a competitive edge, the grocer focuses heavily on offering customers value and savings. Savings come in the form of extensive digital coupons, personalized offers, Fuel Rewards (including a variety of 4x gas points offers throughout the year) and weekly sales, among others.

The Kroger Texas Division comprises two division offices, in Dallas and Houston. As noted, the divisions merged last August to become one division – again. Kroger



stores in Texas had operated under one Southwest Division until 2015, when the Dallas and Houston divisions became their own entities.

Kroger Texas President Rudy DiPietro explained some of the reasoning behind the divisions being separated back then. The Texas market was on a growth trajectory, and “they separated the divisions to, in a really smart way, create a little more intensity, kind of a growth dynamic in both markets.

“Both markets needed something a little different,” he added, based on their respective competitive sets and consumer preferences.

“I think it was done at the time to create more focus in each region and get kind of the growth engine moving. And that really worked.”

During those 10 years, a number of stores in both regions were developed, “and a lot of great work was done,” DiPietro said.

DiPietro took over as president of the Dallas Division on March 29, 2025, succeeding longtime Kroger veteran Keith Shoemaker, who was retiring. DiPietro had spent his 20-plus-year career with Ahold Delhaize U.S. banners before the move.

After DiPietro’s appointment, Houston Division President Laura Gump decided to retire after five years in the role and 38 years in the industry.

At that point, the decision was made to bring the divisions back together, with DiPietro at the helm of the Kroger Texas Division, effective Aug. 1, 2025.

In addition to the retirements of the Texas division chiefs, some other factors played into the decision to bring the divisions back together, according to DiPietro.

“One, there’s a lot of talent in both places,” he said. “And as I started to spend time with folks, we could feel the opportunity for synergy where there was great thinking in one region around, say, a program or a product.

“There are so many incredible products that exist in both regions, and just the commingling of those products, you could just feel the financial potential that exists with both.”

Seeking best practices from each division would logically lead to operational efficiencies, finding the best go-to-market approach and discovering the best human resource practices.

“What we’ve really been doing over the last several months is evaluating those differences, kind of picking the best path and then starting to roll that path out,” DiPietro said.

Some differences are appropriate and will continue, he said, but “we will, over the next year, start to bring ourselves a little bit more into focus and get to one best practice that we’re executing across Texas and Louisiana.”

Kroger Texas maintains both the division offices today; “one division with two campuses,” as DiPietro describes it.

The Houston branch is located in Shenandoah, near The Woodlands, while the Dallas arm operates in the suburb of Coppell.

“We have executive presence in both places. We have incredible bench talent in both places, and we’ll continue to have that in both places,” he said. “We have a subset of us that go back and forth with incredible frequency.

“Our connectivity to both markets is really, I think, making an impact. As you start

to get more North people with South orientation and knowledge, the synergy starts to ramp up.”

Today’s virtual tools also lend themselves to communication that’s almost like being there.

“We do this incredible meeting on Fridays with the entire group,” DiPietro said. “We get everybody on a call – store leaders all the way down to department leaders at store level. We can broadcast the message in an effective way today that maybe 10 years ago didn’t exist.

“The technology unlocks a lot for us from an efficiency standpoint and allows us to be all together when we can’t always be physically together,” he added.

## Keepin’ it fresh

Kroger Texas keeps its store base fresh with new locations as well as refreshes of existing stores at seven- to nine-year intervals.

In 2025, new Marketplace stores in Plano and Fort Worth were opened, and ground was broken for three more – in Fort Worth, Little Elm and Anna.

The refreshes don’t take a backseat to new stores at all.

“While we are building a number of stores in Texas – and we’ll continue an aggressive capital new store strategy for us, which ranges around \$40 million plus in terms of each individual project – that does not slow us down at all on our remodel schedule,” DiPietro said.

“This frequency of roughly 30-a-year remodels will continue to be our approach, because, once again, tethering back to that seven to nine years of life before you touch it, to do that and stay committed to that schedule is really going to be our path.

“Kroger is incredibly focused on Texas and understands the opportunity and also the challenge,” he said. “There’s quite a competitive set, and we have to keep modernizing if we want to win.”

In 2025, Kroger Texas completed 31 store refreshes, complete with 31 grand reopenings.

Products and services that are added during these refreshes depend on location, but can include technology upgrades, pharmacy services, fuel centers and e-commerce services such as pickup and delivery.

It might be freezer or refrigerated cases that better preserve the product or are more efficient or different shelving that provides a different angle of display. It also might be “improving the decor, the overall look and feel of the store, updating colors, updating messaging strategies, improving the assortment strategy in the store,” he said.

For associates, the remodel may bring new bathrooms and/or break rooms.

“All of those things are always in consideration, down to improved technology on the front end,” he said.

DiPietro added that if changes are needed between remodels, those are carried out as well.

A technology change that is launching in Texas Division stores is electronic shelf labels, which were tested in the company’s Louisville, Kentucky, division.

“We’re excited to take that pilot on in Texas and bring a different angle to our pricing and signing,” he said.

Speaking of signage, today’s technology offers opportunities for dynamic, rather than static, messaging. For instance, Kroger Texas could communicate with shoppers about its 70-plus years of serving the market, a new local product the store is carrying or other important information to share.

“We’ll start to invest in those things, but it’s really centered around customer experience, and it helps us improve the shopping experience,” DiPietro said.

## Merchandising to the market

Though it’s fairly commonplace in grocery stores across the country today, Texas was one of Kroger’s first divisions to experiment with hyper-local merchandising back in 2009. Bringing the Dallas and Houston divisions back together last year just reinforced that path, with health and wellness alongside.

“The transformation of Texas from a market standpoint as one came with a pretty substantial reset of the team, and one of the areas where we’ve doubled down on focus is local, organic and natural,” DiPietro said.

Calling local a “massive” focus, he said Kroger Texas has team members whose daily responsibilities are “foraging” for local partnerships, products and flavors.

“We think this can be a superpower for us,” DiPietro continued. “We put people behind it – great people – that are incredibly motivated, working with organizations like ‘Go Texan’ at the state level to help identify those products.”



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Some Texas-made and hyperlocal Houston-made products include Mama La's Kitchen, Guzel Cakes, Karbach Brewing and Antone's Famous Po-Boys.

"We know in Texas – specifically and appropriately – there's an immense amount of pride from being from the state, and our customer base wants to support local companies," he added. "We think this is something we can take to a whole 'nother level."



Products that have mass appeal across all the division's stores in Texas and Louisiana are the first priority – "macro" opportunities, as DiPietro calls them.

Also lending to the local feel are partnerships with small Texas businesses that operate within certain stores that have excess foodservice space. In Houston, Burns Original BBQ operates within a Kroger store, while a high-end coffee café, Pax & Beneficia, was part of a new-build store in Fort Worth.

"We're always looking for different opportunities," said DiPietro, adding that it's been hit-or-miss finding the right partners for these spaces. "If you can add it to a store and create draw, it's a super positive for the community."

The Texas Division also was one of the first for Kroger to introduce in-store Murray's Cheese shops, a concept that originated in New York City, and Kroger Texas also is the birthplace of in-store sushi for the chain. It became a national success and now Kroger is the largest seller of sushi in the U.S.

### Gone viral

In the polar opposite direction of local, the division also is alert to opportunities to bring in products from far away to set itself apart from the competition.

Kroger Texas stores were some of the first in the nation (and the first Kroger division) to carry a unique ice cream novelty from China. The product was a viral success, showing up on social media feeds.

DiPietro said the Texas Division's data and learnings around "new and exciting" products are valuable to the company as a whole.



"From a population growth and from a diversity standpoint, this division is very unique to the enterprise," he said. "There's a handful of divisions across Kroger that have this profile where you can actually grow new stores, you have population growth, and that population growth is as diverse as we have here."

"When I talk to senior leadership at Kroger, they 100 percent see the opportunity and are excited to lean into it. We always say it's a great responsibility. We should feel that responsibility and we should honor that responsibility and do good with it."

### Expanding Zero Hunger | Zero Waste reach

Efforts around Zero Hunger | Zero Waste continue to be an important component of Kroger divisions around the country, including Texas.

Partnerships with Feeding America-affiliated food banks will continue to be vital to the efforts, but Kroger Texas is expanding its reach to "places where you wouldn't expect food insecurity to necessarily be present," DiPietro said.

One of those is college campuses. Kroger Texas has a "robust food pantry partnership" at the University of North Texas, he said, and a second was launched just a few months ago at the University of Houston, called the Cougar Pantry.

"Our ability to help funnel the right products through our partners is something we're really proud of," DiPietro said. "We have an opportunity to do more, but in the last year, we donated about 127 million meals in Texas, which is a mass effort, and something that we're going to continue and find new ways to contribute."

"It's always this balance between running a smart business model where you're not wasting in an unneeded way but also finding a path to getting that food into the right hands when you can."

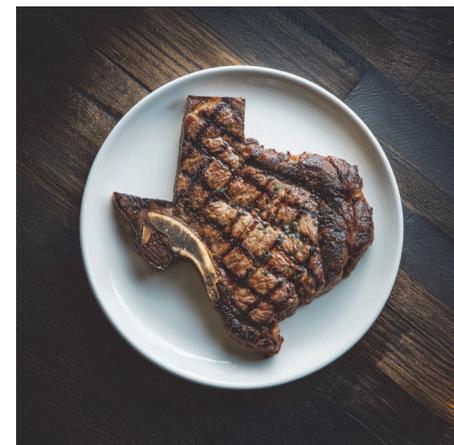


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# The future: Innovation through everything driving division forward

by Lorrie Griffith / senior content creator

Kroger Texas says the spirit of innovation runs through everything the division undertakes. As a result, Houston and Dallas have served as test-and-learn markets for several of Kroger's national innovations. These include Nuro driverless grocery delivery, a Hispanic concept store and an Asian concept store.

For the Hispanic concept store, Houston was selected as the first test market, as the city is home to the nation's fourth-largest Hispanic population; the Asian concept store is in Plano, in north Texas, where the local population is 42 percent Asian.

Following these tests, there are now 37 stores in north Texas following one of these ethnic store models, and the findings from the tests are influencing other multi-cultural designs in regions across the country.

"We want as much as we can possibly hold within our store, all the way from a robust fresh offering to center store aisles expanding, and we're thinking about multi-cultural opportunities every day," said Kroger Texas President Rudy DiPietro. "It's a huge focus for us in Texas, between the Hispanic population, Asian population, halal and kosher [customers]."

In towns where these residents make up 30 percent or greater of the population, the store's promotional calendar is built around what's important to that group.

"The items that we promote need to vary, and certainly the programs, the brands, a lot of different assortments across the total store tends to be heavy on fresh, but there's a massive center store opportunity across the store also," he said.

"I'm proud of the work we've done to think differently in these stores. And we're nowhere near done with this. I

walked a store last week that is a different iteration with improved merchandising, especially on the fresh side."

The former Houston division had more experience in marketing to the Hispanic population, while Dallas had more experience with the Asian population. With the shared knowledge between divisions, "our merchants on both sides are able to commingle thinking, and we're starting to bring those concepts into both places. This is that example where we're seeking a best practice, identifying ... and elevating it.

"We want to create the most convenient and complete shopping experience we can for our customer base – that's our focus – and we're going to do that ongoing here in Texas," DiPietro said.

## Bolstering Texas

In 2026, Kroger Texas plans to break ground on new Marketplace locations in McKinney and Fate. A third is expected to be announced later this year.



In addition, 27 stores will be refreshed, "continuing our commitment to evolution, innovation and enhancing the customer experience," Kroger says.

The Marketplace format is flexible enough to meet the needs of the customers in a particular area, regardless of their economic status or ethnicity, DiPietro said.

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Assortments can be tweaked based on the needs of the customer base, and that process is ongoing.

For example, at the Plano store that opened in January 2025, “we have retouched that assortment numerous times just in the last year,” DiPietro said. “And we’ll keep doing that.”

“When we open a store, we have a data set that would tell us it should have this type of assortment. From day one, we listen, we investigate, and then we continue to evolve and tweak.”

“So, yes, this model can work in numerous different scenarios. And when we talk to developers, it has mass appeal. They’re often excited to see us as their kind of ‘hook’ in a plaza.”

### Fueling growth

The majority of Kroger Texas’ stores operate a fuel center on their property – 165 fuel centers at 207 stores – and their importance will only get stronger, according to DiPietro.

Last year, four new fuel centers were added in Dallas, along with one in Houston, and the grocer is “aiming to get more in the ground every day, and every store we build will include a fuel station with north of 20 pumps,” he said.



“It’s a big focus for us. We want the absolute most convenient consumer experience we possibly can create; we want it to be a one-stop-shop where you can fuel up, get your groceries and whatever modality you’re choosing that day, whether it’s pickup, delivery with numerous different delivery options, or obviously an in-store brick-and-mortar experience.”



“We see that as our core customer base gets engaged across different modalities, and especially with fuel, the stickiness of the total offering starts to resonate, and their loyalty to us deepens,” DiPietro continued. “Generally, that’s our most loyal customer base. When you’re engaging across different modalities and fuel, you see the value coming back to your family, and you continue to lean into it.”

“I’ve been taken by the value of our Kroger Plus program and what actually flows back into your wallet via fuel points,” he added. “I think it’s a best-in-class program, and it’s going to get stronger and better. That’s our intention.”

Ultimately, every move made at Kroger Texas is designed to make life easier for its customers, which leads to loyalty.

“We are pushing Kroger in different ways than maybe they have in the past, all the way down to pharmacy, just trying to make it as convenient as we possibly can, because we know

our customer base is extremely time starved,” DiPietro said. “Both parents are working, and they’re trying to be as efficient as they can. We want it to be a joyful experience from a service standpoint. We want it to be as much of a one-stop-shop as we possibly can.”

“And if you do that, the value comes back to you.”



### Creative solutions for food insecurity

Kroger Texas also is part of a pioneer program to get fresh, affordable groceries into underserved neighborhoods around Dallas.

Called Grocery Connect, the program works this way: Residents order groceries online from Kroger, and Kroger delivers the orders all at once, once a week – without delivery fees – to a Grocery Connect pickup center. Each center provides computer access and staff support to help residents place orders, enroll in SNAP benefits and ensure satisfaction at pickup.

In October 2025, the third Grocery Connect site opened. Located in South Dallas at Bonton Wellness Center, the site joined two others that opened in 2024, at South Dallas Fair Park Innercity Community Development Corporation (ICDC) and the Dallas Bethlehem Center.

There is a designated window for order pickup. At Bonton, it’s every Tuesday from 3-6 p.m.

“For too long, South Dallas has faced a lack of access to fresh, nutritious food, and many in our community have struggled with transportation barriers just to reach the nearest grocery store,” said Mark Jones, president and CEO of Bonton Farms.

“Grocery Connect is an ideal solution that brings the store to the people, places communities at the forefront of where grocery shopping is headed and offers a scalable model for eliminating urban food deserts. Bonton Farms is ecstatic about the impact Grocery Connect will have on the lives of South Dallas families.”

Through Kroger’s fulfillment center in southern Dallas, Grocery Connect customers have access to more than 33,000 products with no delivery fees, service charges or tips. Refrigerated delivery vehicles ensure groceries arrive fresh, including frozen items like ice cream.

DiPietro added, “Using technology and the different modalities we have in our e-commerce space, we’ve created an opportunity [for underserved neighborhoods] to have fresh products. Food is medicine; that’s the thought process there.”

Kroger and the Grocery Connect team are working on ways to reach more residents around the Grocery Connect centers. They have reached out to area pastors to share the information with their parishioners, for example.

“I think we have a lot of opportunity to impact more families with that project... we feel it’s kind of cutting-edge in terms of solving the food insecurity challenge,” DiPietro said.

### Associates key to bringing it all together

Kroger Texas stores play an important role in the economic growth of its communities; associates can find sustainable career pathways in retail, logistics, pharmacy and management, especially as the division

continues to open new stores.

But DiPietro is quick to point out that those opportunities wouldn’t exist in the first place if it weren’t for Kroger Texas’ associates.

“Our 26,000 associates are leaders at store level, are leaders in the field,” he said. “We talk about it as ‘bleeding Kroger blue,’ and the care that we bring every day as a unified Texas team, the communication, the thoughtfulness and both the dedication and the competitive nature that we have in this market, I think is unique.”

While Kroger Texas will continue to pursue differentiation in terms of store experience, product assortment, shopper engagement, digital interaction and more, “the single greatest differentiator, our superpower, is our associates, and you see it every day. You can see and feel the engagement at store level,” DiPietro said.

“Our store team, our leaders, our associates want to help solve that total shop convenience challenge for our customers, and they are so dedicated to the communities they serve. That’s what I’m most proud of, and that’s what we’re doubling down on more than anything.”



That includes an eye toward the future, with Kroger Texas continuing to find new young leaders to bring into the business and put them through a training program that would put them into an assistant store leader role.

That’s how DiPietro learned the business.

“I came out of college, trained for a year across all parts of the organization, and then that turned me out as an assistant store leader. No better way to learn the business; incredibly difficult role but a great leadership opportunity for any young leader.”

Department leaders also are often trained to move into the assistant store leader role, he added, noting that the company enjoys lower-than-normal turnover.

“Folks love to work for Kroger once they find it, and we’re proud of that,” he said.

“We’re going to continue to hire great associates to contribute, and then we’ll still have all that amazing tenure helping to teach and train – bringing that all together into one powerful team of 26,000-plus associates, impacting all these new customers and the existing customers.”

DiPietro said the company gets amazing stories from customers about their in-store experiences. Many of those revolve around a particular associate.

“Often there’s an associate at that store that has impacted them over time, and that’s why they keep coming back. We need to generate more of those stories every day. The more of that we can do, the more we’ll grow, the more love that our customers will have for Kroger.”