

# THE SHELBY REPORT *of the Southeast*

MAY 2026



Steve Smith and Katie Penny continue Food City's founding mission to "*Run the Best Store in Town*" and vision for future growth.



## The Shelby Report's 2026 Southeast Retailer of the Year

### Longtime CEO reflects on legacy, growth, art of running best store in town

Having served friends and neighbors for more than 100 years, Food City is proud to be locally owned and operated. With 164 retail outlets spanning five states, the company's dedicated team of more than 19,200 associates is committed to the mission it was founded upon: to "run the best store in town."

That commitment to excellence has not gone unnoticed. *The Shelby Report of the Southeast* has named Food City its 2026 Retailer of the Year, a distinction that comes during a period of unprecedented growth, record-breaking charitable giving and a reinforced dedication to the people who make the wheels turn every day.

For Abingdon, Virginia-based Food City, being the "best" is a continuous pursuit. While 2024 was a record capital expenditure year for the company, 2025 was a significant year as well, marked by new market entries, store replacements and a deepening of the company's roots across its five-state footprint.



Steve Smith

For Food City President and CEO Steven C. Smith, the grocery business is not simply a profession – it is a lifelong journey shaped by family, mentorship and decades of industry evolution.

As a boy, Smith did his homework in his father's office at the Piggly Wiggly in Grundy, Virginia.

Every afternoon after school let out, he would ride home with his dad, who had built the 8,800-square-foot grocery store from the ground up – and spend the rest of the day surrounded by cardboard boxes, absorbing lessons about the grocery world.

"I learned a lot about business when I didn't even know I was learning, a little osmosis," Smith said.

His father had come to grocery in a roundabout way. A Naval Academy graduate and electrical engineer, he was living in San Diego with his wife and

two young daughters in the 1950s (before Steve was born) and doing much of the family grocery shopping when he noticed what modern supermarkets in Southern California were becoming. He thought about his small hometown in Virginia and saw an opportunity.

"That's what originally got him in the grocery business," Smith recalled.

That store – opened in 1955 – was the beginning of what would become Food City.

#### Learning the business

When Smith came back to work at the store after college – he had considered other paths, but a summer on the operations side settled the question – he went to work for Claude Varney.

He credits Varney with shaping his approach to leadership, particularly in understanding how to motivate and manage people.

"Mr. Varney was a real people person," Smith said. "He taught us to use strategic thinking to make sure we place the right people in the right positions to maximize their strengths."

At the same time, Smith developed his financial understanding of the business through his father.

The combination shaped a leadership style he has carried for nearly five decades – one that shows up in how Food City trains its store managers, how it enters new markets and how it thinks about the relationship between a grocery store and the community around it.

#### Navigating industry change

Over the course of his career, Smith has seen the grocery industry undergo significant transformation, particularly as new competitors entered the market.

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The arrival of Walmart supercenters stands out as a turning point – the moment regional grocers had to stop thinking about price alone and start thinking about what they were.

## Food City by the Numbers

**100+**  
Years in  
Business

**164**  
Retail Outlets

**5**  
States

**19,200+**  
Associates

**120+**  
Pharmacies

**Nearly \$5 million**  
In locally grown produce purchased annually  
through the Farm to Food City program

Virginia ■ Tennessee ■ Georgia ■ Kentucky ■ Alabama

"I remember when we got our first Walmart supercenter and we knew that was certainly a different day, where we had to learn how to compete a little bit more, not only on price but certainly to differentiate ourselves," Smith said. "I think that was the advent of differentiation in our perishable departments."

That emphasis on differentiation – particularly in fresh and service-oriented offerings – continues to shape Food City's approach today.

Full-service meat and seafood counters. Sit-down cafés. Large foodservice departments. A commitment to Certified Angus Beef. These are not add-ons but a way to differentiate and compete in today's competitive landscape.

### Five states and counting

In recent years, Food City has expanded its footprint into Alabama, marking a significant step in the company's growth strategy.

The path there ran through Chattanooga, Tennessee, where Food City had established itself a little more than a decade ago and where Smith came to understand that northern Alabama was closer than most people realized.

"Places like Fort Payne, Alabama, are less than an hour away from Chattanooga," he said. "They're part of the TV market down there."

Smith noted that entering a new market requires a deliberate approach, particularly when introducing a new brand.

"I think we were a new entity, which presents some opportunities to introduce yourself to new consumers," he said.

When a former Kmart site in Albertville was presented as a potential location, Food City moved. The store found immediate acceptance – and not just because it was new.

"It was a different store, probably a little more service oriented than what the consumers in Albertville had been used to, with the sit-down café, with the full-service meat and seafood, large foodservice department," Smith said. "I don't know that our competition really presented that in that market, so it was a differentiator to them."

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**Celebrating Food City  
as the Southeast's  
Retailer of the Year**



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From page 56

The success of that initial store encouraged the company to pursue additional opportunities in the region.

From Albertville, Food City set its sights on Huntsville.

Smith said the competitive landscape varies depending on the market, with different types of competitors present in different areas.

"When you get to Huntsville, you've got Publix, you've got Kroger ... but there were a lot of independents we competed against in Albertville," he said.

While those independent operators offered strong competition, Smith noted differences in store size and amenities.

"They just didn't have a lot of the ... bells and whistles that we did," he said.

Four stores are now open in Huntsville, with a fifth groundbreaking imminent. Combined with other Alabama locations, the company is approaching 12 stores in the state, with two under construction.

In addition to organic growth, Food City also has pursued acquisitions to expand its footprint.

"Last year, we actually opened nine new stores," Smith said, with three being brand new, three replacement stores and three acquisitions.

Those acquisitions included stores from Winn-Dixie, located on the outskirts of Birmingham, which the company has since integrated into its operations.

Those stores are in Jasper, Trussville and Fultondale. A groundbreaking is planned in Oneonta. Another six to eight sites are under active pursuit in the corridor between Huntsville and Birmingham.

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"We've only had them for a few months, and we're analyzing that market and making sure that we're going to make the right moves," Smith said of the former Winn-Dixie locations.

"So it really is a combination ... we've grown a lot by acquisition but recently, we've started building more organic, ground-up stores," Smith said.

**Introducing yourself to a new market**

Showing up in a new community is a process, Smith said – and it starts before the grand opening.

"First thing we want to do is go in and show we're a good community partner," he said. "We join the local chambers [of commerce], we participate with a lot of the community efforts that are going on, with some of the charitable organizations.

"When we enter a new market area, we listen closely to our associates to better understand the community's needs and ensure our contributions reflect those priorities."

In addition, Food City invests in marketing to introduce its brand to new customers.

"And then you market quite aggressively to introduce the Food City name," he said.

At the same time, Smith noted that some customers already are familiar with the brand through travel or other experiences.

Many Alabama shoppers had encountered the chain during trips to Gatlinburg and Pigeon Forge, Tennessee – two of its highest-traffic markets.

"Some of the people say, 'Hey, I remember you from Gatlinburg, had a good experience at your store,'" Smith said. "That gives us some foothold or a little foot in the door."

The company's sponsorship of NASCAR's Food City 500 and the Food City 300 at Bristol Motor Speedway also has increased brand recognition.

The differentiators that worked in Albertville have traveled well. Food City's fuel rewards program stands apart in a market where most competitors don't offer one. Its commitment to Certified Angus Beef is another point of distinction.

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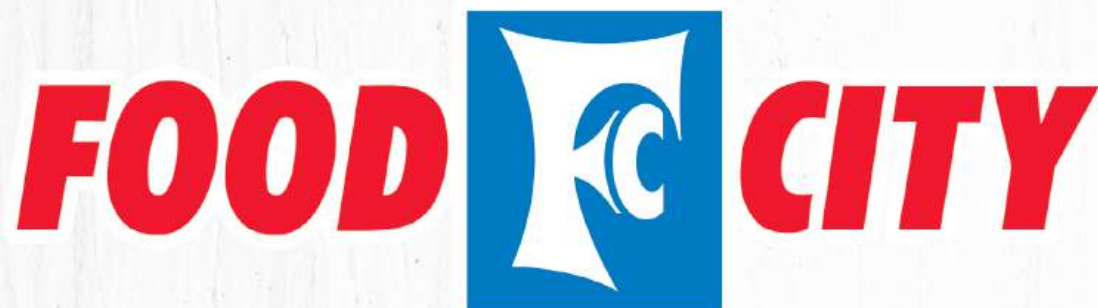
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ON BEING NAMED 2026 RETAILER OF THE YEAR**

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FOOD CITY



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Your commitment to customers and  
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stand alongside you  
as a trusted partner.



From page 60

"I can't think of any competitors down there that do sell Certified Angus," Smith said. "We sell Prime and Choice. We think that's a real differentiator."

Fresh seafood has connected with Alabama shoppers, too. Food City receives seafood into its warehouse every day – a logistical commitment that keeps quality consistent and product turning.

### **What keeps customers coming back**

Ask Smith what retains a customer and he goes straight to people – not programs, not pricing, not loyalty apps.

"First it starts with the people that you have in the store – the quality, service, friendliness, courtesy, the attentiveness to what a customer's needs may be," he said. "I think that comes first."

Clean stores and fresh product follow. Then value – and Smith is careful about what that word means.

"You don't want to necessarily try and be absolutely the cheapest [store] in town," he said. "You want to provide the best value for your consumers in town."

Smith acknowledged that consumer behavior can shift during periods of economic pressure.

"When we had our inflation spike over the last two years, I think we saw a little bit of folks that were shopping around," he said.

He noted that while shoppers today may be less likely to visit multiple stores than in the past, they still seek ways to maximize value.

Private label offerings play a role in addressing those needs.

Food City's membership in the Topco buying cooperative gives it purchasing leverage comparable to some of the country's largest grocers.

Its private label portfolio spans multiple tiers: Food Club as a national brand equivalent; That's Smart as a value option; and Crav'n, a snack-focused line that extends to ice cream, nuts and frozen entrees. Health and beauty care falls under the TopCare name.

"It's all about getting the right mix out of your merchandise," Smith said.

### **Growth is about people first**

Smith is direct about why growth matters.

"First and foremost, it's about people and it's about opportunities for our teammates," he said. "We want people to really see the advancement opportunities – to be a department manager, to be an assistant manager, be a store manager or district manager."

A growing company creates a pipeline that a static one simply cannot offer.

Each new store creates 150-170 jobs at opening. The mix of full-time and part-time positions creates what Smith sees as one of the grocery industry's quiet strengths.

"A lot of people get their first job with Food City, and a lot of people get their last job with Food City," he said. "Retirees make great mentors for young people. And then sometimes young people make great mentors for older people too – teach them a little bit about technology. They can help each other."

That mix of experience levels contributes to the company's culture.

"To have a good mix of that is a lot of fun," Smith said.

Smith measures growth by square footage, not store count, targeting a 3-5 percent annual increase – a pace the company can largely fund through cash flow.

The store portfolio centers on a sweet spot of 55,000 to 56,000 square feet, with expansions typically directed toward fresh departments, foodservice and produce display space.

Food City's distribution infrastructure is evolving alongside its store count. The company operates a 1.2 million-square-foot warehouse in Abingdon handling all company perishables.

It partners with Associated Wholesale Grocers out of Nashville for center store merchandise, dairy, frozen and dry grocery. A planned transition of health and beauty care to AWG's automated facility in Hernando, Mississippi, will free up additional capacity in Abingdon.

Eventually, Smith said, continued growth will require either a deeper third-party commitment or a second warehouse.

"That's already [something] we're talking about and planning for," he said.

### **Challenges ahead**

Technology investment is a constant. On the financial side, Food City is transitioning off legacy AS400 systems to an Oracle platform.

"Those things are expensive and somewhat disruptive and a little bit painful, but they're also necessary," Smith said. "You've got to continue to invest in those things."

Changes to the federal Supplemental Nutrition Assistance Program (SNAP) present a different kind of complexity. New rules restricting certain food items based on their top two ingredients – sugar and high fructose corn syrup – vary by state and will require associates and customers to learn what's changed.

"There's some cookies that are going to be SNAP purchasable and some of them that are not," Smith said. "The consumer doesn't know that. And our people have to learn the new rules as well."

"We never want anybody to be singled out. But occasionally you have to explain why the rules have changed."

### **Community as business strategy – and vice versa**

The conviction that a grocery company's role in its community is inseparable from its commercial success did not come from a business school. Smith watched his father buy ads in local athletic programs, put signs up at stadiums and support local scout troops. He absorbed the logic early.

"When you make a community a great place to live, you're not only helping the community but you're helping yourself," he said. "We give back to a community, but we're also interested in making that community a better place for us to do business. I think the two go hand in hand."



Every store manager at Food City carries a community giving budget – and is expected to spend it. "Why don't you find causes to take this \$5,000 or \$8,000 or whatever the budget may be for that particular store, and invest it in your community," Smith said.

Over the past decade, Food City has contributed more than \$108 million to nonprofits, schools and community events across its five-state footprint. In 2024 alone, that figure topped \$8.6 million.

Training is another long investment. Food City's store manager training program runs a full year, and graduates spend a week at the corporate office – including time with Smith himself, typically in small groups of three or four.

"They know they can sit and talk to the CEO, pick his brain a little bit," he said. "And I get an opportunity to pick their brain. What do you like most about it? What can we do better? I'm very rarely the smartest person in the room when we're having meetings. You just surround yourself with good people and get out of the way."

### **Long fourth quarter**

With his daughter, Katie, active in the business – EVP of store ops for the Knoxville Division – and a nephew, Drew – VP for JCS Sales (K-VA-T's brokerage company) – Smith sees the values his father put in motion in 1955 as durable

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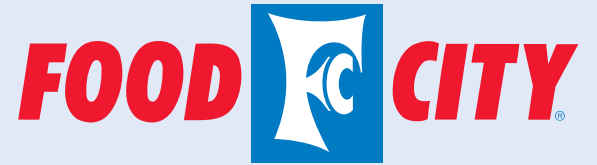
ON BEING NAMED THE  
2026 RETAILER OF THE YEAR



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# 2026 Southeast Retailer of the Year



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– built to outlast any one generation’s tenure.

“I’m delighted that we’ve got a third generation that’s coming along,” he said. “I think they’re the right kinds of people that will help shepherd our company into continuing to do the right things going forward.”

As for his own chapter, Smith calls himself a “fourth-quarter person” – aware of where he is but not in a hurry to retire.

“I’ll hang around as long as I can be of use to them and guide them,” he said, “and I’m smart enough to stay out of their way, too, and let them go.”

The mission, he said, is the same one his father stated simply and has never needed updating.

“It’s not just a numbers game. It’s a people game – whether it’s our suppliers, whether it’s our folks that come in and shop with us, or whether it’s our teammates. Perfection is the evil of the good. We’re not perfect, but we’re pretty good at what we do.”

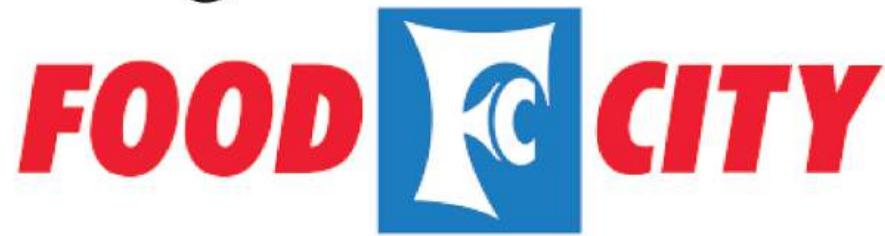



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*From Your Friends at Hershey*



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## Growth brings 'fun challenge' of managing distribution, culture

When an ice storm hits and the news tells everyone to stay home, Greg Sparks knows exactly what happens next.

"Our drivers are out there," he said.

That mindset – part duty, part pride – helps explain why Food City is *The Shelby Report of the Southeast's 2026 Retailer of the Year*. Having served friends and neighbors for over a century, the company is locally owned and operated, now spanning 164 retail outlets across five states with a team of more than 19,200 associates.

And according to Sparks, chief operating officer, the real action happens long before a customer ever walks an aisle. It happens in the warehouse.

Food City's distribution center in Abingdon, Virginia, hasn't gotten any bigger lately – still 1.2 million square feet, including the Misty Mountain Spring Water bottling facility. But that doesn't mean things have stayed the same.

"We have not made any changes to the actual amount of space," Sparks said, "but we have reconfigured it in many different ways. We've made some strategic enhancements to improve efficiencies and



Greg Sparks

support our growth."

In 2026, that includes some significant re-racking adjustments. "It is for space optimization and efficiencies," he said. "We're pretty excited about optimizing our space better."

Food City's water company, Misty Mountain, is also getting a boost; new equipment is on the way.

"Throughput will be much faster, in some cases two to three times faster," Sparks said. "We operate on two shifts, but on those two shifts, they'll be able to produce approximately double what they did in the past. So it will give us some efficiencies. We can have more product available and sell to more customers. That business continues to grow, so it's a worthwhile investment."

Today, about 950 associates work in the distribution center. Before COVID-19, that number was about 700. "This has radically grown," Sparks said.

### Training that cuts accidents, builds morale

That kind of growth only works if training keeps pace. Years ago, Food City realized it needed a more structured training program.

"Many years ago, if you started in our distribution center, Joe might train you Monday, and John might train you Tuesday," Sparks recalled. "You had all these different people training you. We decided

several years ago that we need to have our trainers be the best in the distribution center, so we actually train our best people to be trainers."

Now, new associates go through a comprehensive, structured program that lasts several weeks with the most experienced operators.

"That's really helped cut down on our accidents," Sparks said. "It's helping our turnover and just helping us be more efficient."

The results showed up dramatically during a recent ice storm, when business surged more than 30 percent before the weather hit.

Icy roads kept some associates from getting to work. Warehouse managers loaded up four-wheel-drive vehicles and made runs to pick up employees who couldn't drive in.

Workers offered to pull double shifts – 10 hours back-to-back

"You know how much overtime we spent that week in the distribution center? Less than one hour per employee for a 30 percent surge in business," Sparks said. "I attribute it to the morale."

"Our management team is very experienced. They're very engaging. They know everybody in the center on a first-name basis. Know about their background, know their kids' ball team. The morale is very strong.

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REPORT

2026 Southeast Retailer of the Year



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"Morale and culture is really what sets us apart," Sparks said.

That culture hasn't gone unnoticed. Food City was a Certified Great Place To Work for 2024, 2025 and 2026, an employer-of-choice recognition based entirely on what employees report about their workplace experience.

### Drivers home every night

Recruiting remains steady, with one exception.

"There is a nationwide driver shortage, so we could always use a few more drivers," Sparks said.

Food City works with job fairs, digital recruiting and partnerships with local technical schools and community colleges. Drivers can earn their CDLs through those programs and then come work for the company.

"We think we have competitive pay, dependable schedules," Sparks said. "Our drivers are home at night. A lot of drivers across the nation ... they're gone for two or three nights. Our drivers are home every night, which is a big deal. It really helps in our turnover."

### Tech boosts dynamic routing

One recent investment has paid off faster than most – a new dynamic routing software program in the transportation department. The new software optimizes load planning so trucks leave the distribution center as full as possible.

Before that, the team used an Excel program – partly manual, partly spreadsheet.

"As you might imagine, the most expensive thing to ship is air," Sparks said. "With dynamic routing, we're able to fill our trucks. We save millions of dollars, and the trucks ride better full ... It's been a big game-changer for us," he said.

Food City ships perishable and non-perishable items from its Abingdon facility, with some non-perishable grocery items flowing through a partnership with Associated Wholesale Grocers. AWG has a new automated facility in Hernando, Mississippi, near Memphis, and Food City is utilizing that operation as well.

The company also continues to invest in cold chain management – from the moment a product arrives until it lands in a customer's basket.

"Once it hits our door, we examine it, and it has to be a certain standard or we refuse the product," Sparks said. "And then we also watch all throughout the system until it gets to the store and ultimately in the customer's basket."

That includes Brix testing – measuring the sugar content in fruit to confirm it falls within an acceptable range. Quality control is not a checkpoint; it is a continuous thread from receiving dock to store shelf.

"Cradle to grave," Sparks said, "that's our cold chain."

### Retail Reserve Team born out of COVID

One of the more innovative programs at Food

City was born out of necessity during the COVID-19 pandemic: the Retail Reserve Team, a cross-trained group of store operations associates who can step into distribution center roles when volume surges.

"It required us to think outside the box," Sparks said. "Now that staffing is more stabilized, we don't have the crazy surge like we did. We don't need to use them as much, but we still have the team.

"It's really valuable when our operations folks see what happens behind the scenes and actually work in the distribution center," he said. "And also vice versa – the distribution center, when they have interaction with operations folks, they can see how they impact each other."

Store assistant managers go through Retail Reserve Team training as part of their development. The program also has created a pathway for operations associates who discover, mid-career, that warehouse work suits them and make a permanent move.

"It's been a great idea," Sparks said. "It's really valuable."

### 'The store is the boss'

Ask Sparks what sets Food City apart, and he comes back to one phrase.

"We have a whatever-it-takes mentality," he said. "The store is the boss, so to speak. I have a saying, 'If you're not directly serving the customer, make sure you're serving the people who do.' That's our distribution center."

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Congratulations to Food City on your recognition  
as The Shelby Report of the Southeast's Retailer of the Year



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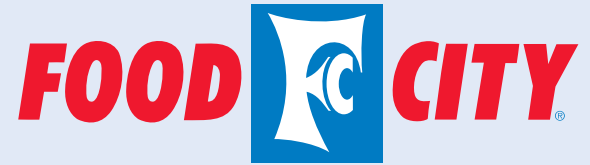
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**2026 Southeast  
Retailer of the Year**



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To associates who work in the distribution center – people the average shopper will never see – Sparks delivers a consistent message.

“Our customers may not see you, but they can feel your impact,” he said. “It makes them feel valuable.”

That culture extends to shrink, which Sparks calls a major industry challenge. Food City uses technology, training and data to identify the biggest opportunity areas, whether certain commodities, stores or departments.

“It’s not a glamorous thing to manage shrink,” he said. “There’s a lot more fun things to do in the industry. But shrink is a big deal for us.”

But the best problem to have, he said, is growth. And there is plenty of it.

The company opened three new stores in the Huntsville, Alabama, market in 2025, along with three replacement stores in Tennessee. It completed significant expansions in Knoxville and Trenton, Georgia, opened six Gas ‘N Go fuel centers, added nine Starbucks cafés and has acquired three former Winn-Dixie locations in Alabama to expand into the Birmingham market.

Looking ahead in 2026, two more new stores are planned for Alabama, along with a replacement store in Marion, Virginia, and three expansions in Tennessee.

“The best challenge we have is just managing our growth,” Sparks said. “And that’s fun. That’s a



fun challenge to have. As you spread your geography, you need a strong team to manage it. So we’re hiring people, training people, rewarding people and getting people up to manage their business.”

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2026 Retailer of the Year





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**Looking ahead: AI and next 100 years**

Food City is already looking at artificial intelligence across the entire system – merchandising, operations, distribution, accounting, IT.

“Every functional area in our organization is looking at AI,” Sparks said. “Some areas are using it more than others. But as AI grows and develops, we’re optimizing it now and we’ll continue to optimize it. It’s pretty exciting.”

Long term, the company also will make decisions about its distribution network as its geography stretches.

But through it all, the mission hasn’t changed. Food City’s commitment to community runs deep – more than \$108 million contributed to non-profits, area schools and events over the past decade, including \$8.6 million in 2024 alone.

“We frequently and proudly say, ‘We feed America.’ And people take responsibility for that,” Sparks said. “They take a lot of pride in that.”

“My family and friends, when the weather is bad and people can’t go to work, they know we’re going to work because people have to eat. We’re pretty proud of that and take it seriously.”

“It starts with our CEO [Steve Smith]. His father, Jack Smith, started the company. The culture that has been developed is we’re here to serve our communities. Feed America. I feel pretty proud about that. The entire organization does.”





# CONGRATULATIONS FOOD CITY

THE SHELBY REPORT SOUTHEAST 2026  
RETAILER OF THE YEAR  
FROM YOUR FRIENDS AT  
McCORMICK



## 'People first, rooted in community' – opportunity abounds for associates

To understand the present and future of Food City, just look at the culture of its leadership. The company believes in promoting teamwork and an atmosphere where associates can excel personally and professionally as valued members of the family.

There is perhaps no better example of this philosophy than John Jones, Food City's EVP and director of store operations.

Jones started at the bottom. In 1980, the bottom was the bottle room.

"A lot of people reading this probably won't know what the bottle room is," Jones said.

The bottle room was where high school kids sorted returned glass soft drink bottles – the ones consumers brought back to collect their deposits. It was loud, it was physical, and it was, Jones said, genuinely entry level. Baggers were a step up. You had to earn your way out of the bottle room to get there.

Forty-six years later, Jones oversees store operations for one of the Southeast's most prominent regional grocery chains. He did not plan it that way.

"I told somebody I went to work get a little gas money," he said. "I didn't plan on staying in this."

That sentiment, he noted, is not as unusual in this industry as people might think.

"I interview a lot of people that their résumé mirrors my résumé," he said. "So many young people start in our industry, and then they just love it – serving customers – and they find a passion for it. They stick with it."

### Learning every corner of store

Jones worked his way through nearly every department of Food City. The dairy case. The produce department – which he described, with some feeling, as the most boring job he ever had in a grocery store. Back before scanner scales, he stood at a weigh station all day waiting for customers to bring items over for him to price.

"Stand there and weigh everything, one item at a time," he said. "That was a long time ago."

The night stock crew was different. Jones described those days with a warmth that hasn't faded across four decades.

"I loved working night crew. I did that for a long time – stocked groceries, accepted deliveries and made friends I still have today. Built my team. Ended up leading a night crew at one point," he said.

"I still have fond memories of those days back in college working night crew. In all the jobs I've had in the store, all the people I've worked with, I think night crew is one of those things – the stock crew can come in, they can see the work in front of them, and then at the end of the shift you can look and see what you accomplished."

That sense of completion is harder to find the higher you climb, Jones noted. Store managers, district managers, executives – there is always tomorrow, always something else, he said. The night crew had a clarity to it that Jones still appreciates decades later.

It also taught him things that never stopped being useful. How product moves through a store. How rotation works in the dairy case, and what happens when you don't respect it. How a box cutter applied carelessly to a vacuum-packed case of coffee can ruin an entire order.

"There was so much learning to do there," he said.

He went through Food City's assistant manager training program – he was in the inaugural class – finished it and later became a store manager. Each role built on the one before it, the whole architecture of the company becoming clearer as he moved through it.

### Asset that appreciates

Jones has thought carefully about what a workforce actually is – not in the abstract sense but as a business proposition. Most things a company owns lose value over time – facilities age, trucks wear out, equipment depreciates.

People can go the other direction, Jones said.

"If you take associates and you make an investment to properly train and invest in them, instead of depreciating, they appreciate," he said. "Their value



John Jones

increases, and what they bring to the team increases over time. There's no asset we have that's more important than the people side of it."

That conviction runs through the way Food City recognizes its workforce at every level. Name badges carry not just an associate's name but the words "serving since" and the year they started – a small detail that has a way of opening conversations.

"Sometimes the conversation is more like, 'Wow, you started before I was born,'" Jones said with a laugh.

Service pins mark milestones at two, five, 10, 20, 25, 30, 40 and 50 years. Food City has associates who have reached that last number.

"That's a very special service award when you get somebody at 50 years of service," he said. "But we have several of those now."

### What they said

Food City has been certified as a Great Place To Work for 2024, 2025 and 2026. The designation is based entirely on what associates report – not what leadership says about itself. More than 5,000 associates receive surveys. The questions cover credibility, fairness, pride, respect and belonging. The results are benchmarked against employers across industries and across the country.

Jones said he always believed it was a great place to work. Having it validated by the people doing the work every day meant something different.

"That's not John Jones telling you it's a great place to work," he said. "That's 5,000 associates saying this is a great place to work."

What he took most from the results was what associates said about feeling heard and empowered – that decisions get made at the level closest to the customer, which is where Jones believes they should be made anyway.

"That's a big deal, to have your associates tell you that their work is meaningful, that the management listens to them, that we're fair," he said. "It gives our teams a feeling of being empowered, because we do empower them to make decisions, and that decision is always going to circle right back to doing what's right for the customer."

Jones said the culture at Food City is very much like a family. "We've got such a great team. They are a pleasure to be around every day. It makes you want to come back to work ... And over the years, I think we've done a good job keeping that at the forefront."

### Growing from within, learning from outside

The vast majority of Food City's senior leadership started at entry level. Jones is one example. There are many others – baggers, cashiers, stock clerks and warehouse order selectors who worked their way into roles across operations, finance, real estate, human resources and procurement.

"I don't think people realize how many opportunities there are," Jones said. "You look at our industry, whether it's in the store, corporate – we've got everything from finance and accounting, real estate, operations or procurement or distribution, logistics ... There's just so many different roles that young people coming out of college today can absolutely find a path in this industry to progress, and to be, I think, fulfilled."

Training is how the pipeline to advancement stays open. The assistant manager program runs close to a year. Separate programs exist for meat cutters, sushi chefs, bakers, cake decorators and foodservice managers. Certifications and scholarships are available. Performance reviews at six months and annually keep associates on a defined path forward.

"We encourage people to set a goal and strive to reach that goal," he said, "and we do everything we can to help them."





*Congratulations Food City  
The Shelby Report Southeast Retailer of the Year  
From Your Friends at Keurig Dr Pepper*

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But Jones is also clear that internal promotion isn't the whole answer. Food City has grown substantially through acquisition over the decades, and every acquisition brings people – and practices – worth paying attention to.

"Our resistance to change is very low," he said. "When we see a better way of doing things, we'll jump on it and do it really quickly."

Food City founder Jack Smith, who Jones said he had the good fortune of working alongside for many years, believed in hiring smart people and not being threatened by them.

"I want to surround myself with people that can take my place, and I'm not intimidated by that," Jones said. "Hiring really smart, talented people makes my job a lot easier."

When asked to describe Food City's culture, Jones keeps it simple: "People first, rooted in community."

The mission – run the best store in town – has been there since the company's founding and has not needed updating. Jones said the simplicity of it is precisely what makes it work.

"[Jack Smith] got in this business wanting to serve his friends and neighbors," Jones said. "And I think we're still trying to do that today."

Being privately held and ESOP-structured gives that mission something concrete underneath it. Associates are stockholders. They have a financial stake in whether the store runs well, whether the customer comes back, whether the community shows up.

Community connection is not incidental to any of this – it is crucial. Store managers carry "giving budgets" and are expected to use them. The Claude P. Varney Volunteer Recognition Program, named for a former company president who modeled the principle, honors associates for what they do outside the store. Jones reads the applications every year.



# CONGRATULATIONS FOOD CITY

for being *The Shelby Report Southeast's*  
**2026 RETAILER OF THE YEAR!**



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InComm Payments

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"Some of the things people tell you that they're doing, I'm like, how do they have time to work? They're doing all this?"

**Why he shows up**

Jones goes straight to the core when asked why he loves this work. "We feed families," he said. "There's lots of jobs you can do out there, but to feed people, to support the communities, to work and provide opportunities for young people – their first job, and to give them an opportunity for that to become a career. That's pretty exciting."

He said he cannot imagine working from home. "I know a lot of people today work from home. I can never imagine myself working from home," he said, adding that "it doesn't get better" than getting up and going to the grocery store.

The challenges are real – recruiting in a competitive labor market,

communicating value through years of inflation, managing shrink, navigating supply chain disruption. Jones approaches all of it through a frame CEO Steve Smith returns to often.

"He talks a lot about we can be pleased but don't ever be totally satisfied," Jones said. "We can always do better. That's what I think about a lot – I'm very pleased. I've got a great team of people around me, but I just really want to push them to be better, [you've] always got to expect more. Expect everybody to be pleased but not totally satisfied."

Near the end of the conversation, he mentioned a friend who used to carry a business card with a line on it about a turtle on a fence post. The idea being that you don't get somewhere like that alone. Somebody put you there.

"That's kind of where I'm at in my career," Jones said. "I've had a lot of good people along the way. I just get to sit here with you and represent that team. I'm awful proud of them."



**Winning Tastes  
So Sweet!**



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KVAT FOOD CITY RETAILER OF THE YEAR!**

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SUGARS ON YOUR SHELVES.**



PROUD TO HAVE GIVEN BACK OVER

**\$108,000,000**

TO COMMUNITIES THEY SERVE.

At Food City, fresh flavors, warm hearts, and community go hand in hand. With the support of their customers, vendors, and associates, Food City is proud to invest where it matters most—right at home.

**FOOD CITY'S MISSION IS TO BUILD A STRONGER, MORE VIBRANT COMMUNITY TOGETHER.**



**PROUD TO SERVE THOSE WHO SERVED**



Food City partners with customers and their communities to support active military, veterans

and their families and honor those who have sacrificed for our freedoms. The Food City and Paralyzed Veterans of America partnership has raised \$4.5 million to benefit paralyzed veterans.

# COMMUNITY OF CARING

Food City believes in strengthening our communities through encouraging outstanding volunteerism, community involvement and charitable works. They strive to give back to the communities in which they live and serve.



Food City's School Bucks Program has donated more than \$23,700,000 in much needed equipment to over a thousand area schools.

## Claude P. Varney Volunteer Recognition Program

Associates are the heart of Food City—and their communities. This program honors associates whose selfless volunteerism and public service make a lasting difference.

*"We strive to maintain a high level of dedication to service, quality, value, and community involvement."*

— Steve Smith, President & CEO



Food City's annual Race Against Hunger campaign provides over \$500,000 in local hunger relief each year.



Food City's annual Charity Golf Outing has raised nearly \$19.3 million to benefit area charitable organizations.



Each year, Friends & Pets in Need campaign support local hunger relief organizations and animal shelters throughout the region. Raising more than \$400,000 annually.



The Food City Invitational for Education golf tournament raises needed funds for schools located in Kentucky, Virginia, Tennessee, Georgia and Alabama.



Since the first race in 1992, it marks 35 years in 2026.

Food City's involvement with NASCAR celebrates racing heritage and the traditions that bring the community together.

## Proud Supporter of Student Athletes AND Higher Education



At University of Tennessee Knoxville, Food City's 20+ year partnership reflects a shared commitment to tradition and community. As the official supermarket of UT, Food City also supports the Food City Center.



At University of Tennessee Chattanooga, Food City champions student-athletes and community pride, bringing the Mocs experience to life across Chattanooga.



At East Tennessee State University, Food City supports Buccaneer athletics while strengthening its connection to the region and its communities.

## COMMUNITY PARTNERS



## Company investing in programs, products, people and property

Ask Dan Glei what makes a great grocery store, and he won't give you one answer.



Dan Glei

He'll give you a dozen.

"Best is not one thing," said Glei, EVP of merchandising and marketing for Food City, *The Shelby Report of the Southeast's 2026 Retailer of the Year*. "It's a collage of things that come together."

For the 164-store, five-state chain based in Abingdon, Virginia, that collage starts with people.

"First and foremost is having our people well trained," Glei said. "Ready to meet the customer day in and day out is always job one, because taking care of the customer is the most important thing we do."

It also includes clean, fresh, well-organized stores with full-service departments that deliver the same

experience every time. It means strong ties with the community – local farmers, schools, charities, neighborhood events. And it requires the operational excellence that ties it all together day after day.

The real measure, Glei said, is when a customer stops thinking of the store as just a store but rather as "my Food City."

"When any customer or shopper refers to your store that way – that's really what you want to have," he said. "The store becomes personalized to that customer, and they become your advocate."

That kind of loyalty is possible at Food City partly because store managers don't change very frequently. Their business cards sit at the registers. Department heads have cards at their stations. Those aren't just gestures – they work because the same people are there week after week, year after year.

"We get there because ... we're a family-based culture," he said. "We have people that have had very long-term careers, have a plethora of experience in training, understand not only how they work in their function of the store but work across functions. These are the people that execute our success day in and day out – running the best store in town."

### Culture that thinks beyond the quarter

Glei has worked at some of the largest retailers in the world. He says the culture at Food City is different.

"I credit our culture to our chairman and CEO, Steve Smith," Glei said. "Because Steve says sometimes there's more important things than making money in the short term."

Glei said Food City will invest in programs, products, people and real estate even if the company does not reap that investment within a calendar year or a quarter.

"Many of those other companies that I've had a chance to work for over the course of time, there was a lot of pressure on that quarterly attainment because of either shareholders or internal pressure from above," Glei said.

"Those pressures exist, but that sometimes is not the most important thing in every instance. So to me, culturally, that's probably the biggest positive that sets us apart."

### Loyalty data, faster feedback loop

Technology is shaping how Food City serves its customers.

"One of the things that powers almost everything we do is how our customers shop," Glei said. "We know how they shop by their loyalty card."

He said Food City works with a third party that uses algorithms to understand customer behavior down to the item level.

That work is now being fueled by machine learning and artificial intelligence.

"We're able to turn these pieces of analysis around, literally in a few minutes that used to take days to develop that same analysis and that same point of view," Glei said.

He said faster analysis means faster adjustments – to pricing, shelf placement, promotions and marketing mix.

E-commerce at Food City runs under 4 percent of total sales, and Glei is straightforward about what that means for how the company prioritizes it.

"We're a physical store – retail first," he said.

Food City offers a click-and-collect program that operates with what Glei described as a concierge approach. If the store is out of something, the associate frequently texts or calls the customer based on their preference – and if the

customer doesn't feel the substitution is right, they can adjust it themselves.

It is fee-based – unusual in the market – but the company's best customers are the ones who use it.

Food City also partners with DoorDash, Instacart and Uber for delivery. Glei said that is the biggest part of the company's e-commerce business.

"Whether they go native through our platform or they come to us from their platforms, it's an enormous growing business. And that's just responding to how customers want to shop at that moment in time."

### Healthy Benefit cards, retail media networks

Glei says other customer-facing technologies are coming of age, including Healthy Benefit cards from insurance companies or government programs that can be used for specified healthy purchases.

"There's a fair amount of technology that's required to be able to accept those and adjudicate the transaction," Glei said. "That was a pretty big lift."

He added, "They're becoming a bigger portion every day of the business because we're trying to incent people to do things in a real positive way to improve their health outcomes."

Retail media networks are another tool, allowing Food City to send customers messages about new products or promotions.

Glei said AI is leveling the playing field.

"Back five, six, seven years ago, the national retailers had a significant advantage over us because they had big IT departments who could write all kinds of code," he said. "With our little shop, we just didn't have the same number of resources. AI has a tendency to flatten the earth, because it puts us all pretty much on the same level playing field by using the technology correctly."

"AI makes us a lot better at what we're doing. We're doing the same functions, but it helps us make better choices."

He added, "AI doesn't, in my experience, think; it just predicts really well. I think it's a fantastic prediction engine, but it doesn't think like we do."

### Treating every week like a holiday

Food City tries to treat every week like a holiday.

"Food retailers do really good around holidays and occasion-based selling," Glei said. "So we try to create as many occasions as possible, get our folks fired up and excited about the week ahead and how we can have a little fun taking care of the customer. And the customers feel that all the way through."

He said weekly meal deals have become a core staple. Food City buys the price down to create an alternative to dining out.

"We're still cheaper than about any restaurant," Glei said. "I love restaurants, love restaurateurs, but at the end of the day, we just want to give that customer one more chance to be able to make a nice, nutritious, easy meal for their family at home."

He said Food City also competes with restaurants through its foodservice offerings – not just a deli and bakery but a full food court experience with ready-to-eat meals.

### Certified Angus Beef, fresh seafood, local farmers

On the merchandising side, Glei said Food City has an advantage when competing primarily against national and super-regional retailers – being genuinely local.

"I've done this before in my other lives – taking a national assortment and just adding a few things to keep the local division happy," he said. "We are the local division. All we care about is what our customers consume."

What sells in East Tennessee is not identical to what sells in Huntsville or Birmingham, and Food City's merchants are on the ground in those markets rather than adjusting a national planogram from a distant corporate office.

The company's Certified Angus Beef program stands alone in its markets. Fresh seafood arrives at the warehouse daily and goes directly to stores. In-store-made candy. Crab cakes. Signature items made from local restaurant recipes.

And then there are the brands Food City has rescued – Kern's Bread, Kay's Ice Cream. These were regional names that were fixtures in people's lives before the companies behind them faltered or went dormant. Food City acquired them and brought them back.



# CONGRATULATIONS FOOD CITY 2026 SOUTHEAST RETAILER OF THE YEAR



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"Customers love to see those things they grew up with," Glei said. "If you maintain them properly, you can grow them as brands."

He added that Food City's partnership with local farmers in each of its markets also stands out. "What we do with local farmers, we do better and more in our region than anyone else."

**Starbucks, sushi, mobile smokers**

"Starbucks, over the last six years, has been a difference-maker for us," Glei said. "In addition to Starbucks, we bring sushi. We bring sushi and Starbucks to towns that don't have Starbucks and sushi."

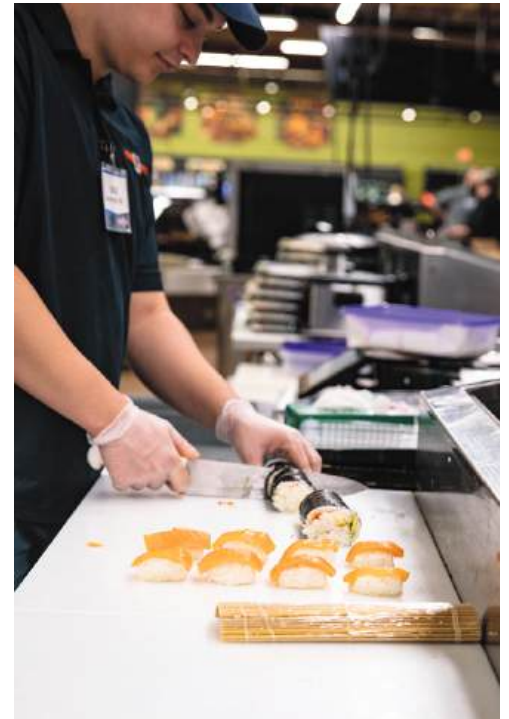


"It's just absolutely thrilling when someone in those communities say, my town has Starbucks, we've got sushi – well, it happens to be at the Food City."

He said fresh-made popcorn in the store has been another hit, along with wing promotions around sporting events and holidays. Mobile smokers also continue to draw customers with freshly made brisket, pulled pork and wings.

For Valentine's Day, he said every store had a chocolate strawberry dipping station and a "Cupid's Combo" of a dozen strawberries and a dozen roses at a reduced price.

"Those little pieces of theater and fun in the store, that goes back to trying to make each week a holiday and creating an event whenever," Glei said. "Again, who doesn't like to go to a store and there's something fun going on?"



**Guest restaurant nights**

One of Glei's favorite initiatives started in Abingdon, where Food City's headquarters is located. For six Tuesday nights each winter, the company invites a local restaurant into the store. The restaurant keeps all the proceeds, and Food City serves hundreds of meals over two hours.

"It's a fun way to support local restaurants and give customers something a

CONGRATULATIONS  
FOOD CITY – 2026 SOUTHEAST  
RETAILER OF THE YEAR



little bit different," Glei said. "We think it's fun."

He hopes to expand the concept to other areas.

When asked about new departments or services on the horizon, Glei said nothing dramatically new is planned but the company is always open to ideas.

**Supplier report card**

An annual assessment called the Advantage Survey asks consumer packaged goods companies to rate retailers.

"This year, I think we were the No. 4 retailer ranked nationally," Glei said. "We're No. 1 in a lot of very important metrics. Last year we were No. 3. Every year we've been in the survey, we've been in the top five retailers."

He added, "We really pay more attention about where we need to improve how we interact with our suppliers."

One example of collaborating with suppliers is Food City's work with retail media networks. The company builds joint business plans with CPG partners around new products and promotions, then uses its retail media network and loyalty data to measure results in ways that weren't possible a few years ago.

He said a recent four-week program with Dr Pepper Zero delivered a return of \$22 in sales for every dollar spent on advertising and brought in 19,000 new customers who had never before purchased the product.

"That's an example of how you work with a supplier and really increase the supplier's experience and the customer's experience as well," Glei said.

He cited a store study he had seen recently showing that 74 percent of the time, customers come to the store already knowing what they are going to buy. The other 26 percent of the time, they are open to something new.

"You've got every opportunity to influence that choice, and that's what experience is about," he said.

Glei said the trick is writing a good plan, seeing how customers respond and moving on quickly when something does not work.

"Being nimble is probably the most important thing we do in terms of keeping our shopper experience relevant and on point," he said. "Some things work really, really well. Some things don't work as well. We move on quickly when they don't."



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## For 'experience-based retailer,' every element of store environment matters

Walk into a Food City store and the first thing you see is a thank-you note.

A tribute to the town – whatever one it happens to be – right there in the lobby, where the company has made a habit of saying thank you to the community before asking anything of it.

"I just think it makes the community feel like, 'Hey, this is my Food City,' and have a little bit more ownership of the store," said Katie Penny, EVP of store operations for Food City's Knoxville Division. "Because we hear that a lot – 'this is my Food City:'"



Katie Penny

Penny would know. She grew up in this company. Her grandfather opened the first store. Her father, Steve Smith, is the president and CEO. And she has spent her career thinking seriously about what it means – practically, physically, philosophically – to run the best store in town.

That phrase, in fact, is displayed at the entrance of every Food City location, alongside a photograph of her grandfather, who said it first.

"We kind of look at it as we want to run the best store in town for our associates; we want to

be the best place to work, be a great employer. We want to run the best store in town for our customers, and we want to run the best store in town for our community," Penny said. "It just really helps tie that mission to the physical building where we're operating."

### Designed to feel like something

In 2019, Food City launched a new store design built around a simple conviction: that every department should have its own identity, and the whole store should feel modern without feeling cold.

"We have a very standard look for each of the departments," Penny said. "Really, the individual portion is just that lobby where we say thank you to the town."

She describes Food City as an "experience-based retailer," where every element of the store

environment contributes to how customers interact with products and employees.

The foodservice area takes on a sleek, almost industrial look – at the Hardin Valley location in Knoxville, the department is split in a way that creates something closer to a food court, with separate stations for a hot bar, Asian wok, sushi, salad bar, sub station and a sweets area for specialty cookies, doughnuts and candy.

Produce goes green, for obvious reasons. The meat department takes on a brick aesthetic – "kind of gives you that feeling of being in a butcher shop," Penny said. Dairy has a blue, rustic look, with a cow and a chicken on the wall. The pharmacy is designed with a clean, white aesthetic, which Penny said is very much intentional.

Throughout the store, closed-door refrigeration cases have become standard – a win for energy efficiency that also contributes to the cleaner look customers respond to. At the Gatlinburg location, which is undergoing a major remodel, the team made one deliberate exception: no doors on the dairy cases, because the store is 39,000 square feet and navigation matters more than consistency.

"We've got to kind of step away from what we typically do to make sure that we're delivering on the customer experience," Penny said.

Fixtures, flooring, refrigeration cases and layout

Please see page 86



## A WELL DESERVED HONOR FOR A VALUED PARTNER

Riteway Sales and Marketing proudly congratulates **Food City** on being named The Shelby Report's Southeast Retailer of the Year for 2026.

This recognition reflects Food City's unwavering commitment to their customers, communities, and retail excellence. We're honored to partner with a retailer that shares our passion for growth, innovation, and doing things the right way.

As Riteway celebrates **45 years**, we're grateful to celebrate this milestone alongside such an outstanding partner.

**Congratulations, Food City...here's to continued success.**



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Southeast 2026 Retailer of the Year  
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Nestlé Good food, Good life

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all work together to guide the customer through the store.

"All of those items come together to create the customer journey," Penny said.

A key priority in recent years has been simplifying that journey.

"When we went to this new look and feel and flow of our store, we really wanted it to be a brighter, cleaner, less cluttered look and feel," she said. "That's really what customers are looking for today when they go in and shop."

A model store playbook governs the details – where in the foodservice department that specific bread rack goes, what the expectations are in every corner of the store – so that customers know what to expect regardless of which Food City they walk into.



### Three ways of listening

Customer feedback plays a central role in shaping store operations and design decisions.

Food City collects customer feedback through three channels, and the one Penny prefers most is the simplest: in person, at store level, right now.

Store managers have their business cards at every register. Department heads have cards at their stations. "We really encourage our customers to engage with our people at store level, because we feel like we can make something right a lot quicker," Penny said.

The company also conducts quarterly consumer surveys covering everything from departmental performance to parking lots.

"It really gives us great information about the entire store," Penny said.

A third channel is digital, with the marketing team monitoring social media and Google reviews, routing feedback directly to district and store managers for follow-up, including outreach to customers who've raised concerns.

### Heart, personality of store

None of it works, Penny will tell you, without the people who remain at the center of the Food City experience.

"Our teammates are a huge part of the shopping experience for our customers," she said. "They're the heart and personality of the store. They are the reason why our customers choose to shop with us.

It's not because of the can of green beans on the shelf being extra special."

Every day at 2 p.m., stores hold what the company calls a Tune Up and Huddle – a brief all-hands gathering where the store manager covers sales, the ad, community news and team milestones. Associates then return to their departments and start preparing for the evening rush, adjusting production schedules based on what moved during the day.

"We sold a lot of salads at lunch today. We need to go add a couple more of those to our production sheet and get those ready for that evening-time business," said Penny, illustrating how quickly the feedback loop turns.

A weekly corporate playbook gives store managers suggested topics for each huddle while leaving room for what's specific to their store and community.

### Embracing local partnerships

Local sourcing is another defining element of the Food City experience.

"We've got a focus on local products, and there's a little bit in all parts of our store," Penny said.

In produce, local farmers are featured prominently, both in product selection and in-store signage.

In the produce department of every Food City in the Knoxville Division, eight local family farms are featured as permanent elements of the store's

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*Campbell's*  
COMPANY

would like to congratulate

FOOD CITY

on being recognized as The Shelby Report's  
Southeast 2026 Retailer of the Year.

decor package. Penny called it one of her favorite parts of the store.

"We get to look up and see folks that we consider friends and neighbors," she said.

She described those relationships as personal as well as professional.

The Stratton family is among the division's largest local suppliers, bringing tomatoes, squash,

cucumbers, peppers and corn. Luke and Logan Stratton deliver to the stores themselves.

"I see them delivering to the store when I'm out and about, and it's always a hug and, 'How are you? How's the family?'" Penny said. "It's a pretty special partnership."

The Alcoa store's foodservice department partners with Laurel Mountain Bakery out of Monterey, Tennessee. The bakery delivers direct to store, including a cheddar jalapeño sourdough that Penny described as amazing. Chattanooga-area stores work with a different local bakery.

The approach is deliberately hyperlocal: if a small producer's reach extends to only a handful of stores, Food City works within that radius rather than asking them to stretch beyond it.

"We really look at how can we incorporate local as a company, but if there are partners that may not be able to stretch throughout the entire company, we kind of go a little more ultra-local when it comes to certain products like that," Penny said.

Local strawberries return to Food City produce departments each spring, with the local produce season typically running from April through September – the kind of thing that gives regular shoppers something to look forward to every year.

***Sushi contests, wing stations***

Penny takes particular pride in Food City's sushi program, which is run entirely in-house. While

Please see page 90



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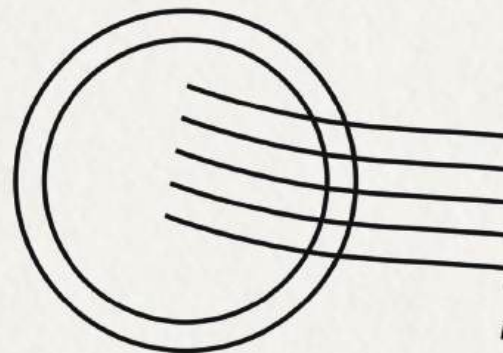
**2026 RETAILER OF THE YEAR**



Dear Food City,

Congratulations on winning Retailer  
of the Year! So proud of you guys!  
We've always thought you were a  
winning partner, but it's pretty cool  
to have it in writing.

Love,  
Sanderson Farms



FOOD CITY GROC  
12345 FOOD CITY  
FOOD CITY, USA



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many retailers outsource their sushi operations, Food City's sushi chefs are company employees. It has held internal contests for which chefs develop original rolls, submit them for judging and the winner's creation rolls out companywide.

"It's just something to keep it more engaging and encourage that creativity," she said.

Engagement stations in the foodservice area have become another signature. Two recent weekends in a row, an associate-staffed wing station offered hot wings from a table set up inside the store, with associates building custom wing buckets on the spot.

For Valentine's Day this year, the company expanded its traditional chocolate-dipped strawberry offering to include in-store made candy – customers chose and customized selections for their own gift combinations.

The bakery produces all doughnuts in-house, with bakers encouraged to get creative around the holidays. Bread is baked fresh daily. A pastry case features the work of in-store decorators. Signature items throughout the store – chicken salad, Neptune seafood salad, others made from scratch on-site – are called out with a small circular tag marked "FC."

Weekend meal deals run Friday through Sunday nearly every week of the year. A recent chicken night package: four chicken breasts, a salad, a bag of petite potatoes and bagged vegetables for \$14.99.

"It's giving them another meal solution that isn't necessarily a prepared foods option but something that they can take home and cook. [We] have all of those things right there together in our meat department at a great price," Penny said.

Self-checkout has been redesigned in a corral-style configuration that lets associates assist multiple customers more efficiently – particularly when age verification is needed – and opens up new merchandising opportunities along the perimeter. At the Gatlinburg store, the company is testing souvenir-style merchandise in those spots rather than the traditional snack and beverage mix.

### Store budgets, food donations

Community engagement at store level starts with a budget and a philosophy: store managers know their communities better than anyone at the corporate office does, so they decide how to spend it.

"They know their communities better than we do," Penny said. "We think that's a really great way to help encourage that community engagement at the store level."

The Race Against Hunger fundraiser is Penny's favorite companywide program. Since it began, Food City has donated more than 4 million pounds of food through the effort. Funds raised at each store stay local, and store teams participate in directing how the dollars are allocated.

In 2020, Penny was among the founders of Empower, an internal group built to support female leaders within Food City.

The program has grown to include outside speakers, internal leadership panels, community service days with Habitat for Humanity, United Way and Second Harvest and an annual recognition event honoring outstanding female leaders in categories including leadership, community involvement and a "Shero" overall award.

This spring, Empower is adding something new: a golf event pairing members with female professional golfers, supported by one of the company's vendor partners.

"It should be a good time," Penny said. "This will be our first ... it might become a tradition."

For Penny, everything – the design committee, the local farm partnerships, the sushi contests, the huddles, the community budgets, the Empower program – traces back to a phrase she grew up hearing and now sees displayed at the front of every store her division operates.

"We pride ourselves on being an experience-based retailer, that we're focused on running the best store in town for our associates, our customers and our community," she said. "Because those are really the three things in the grocery business that kind of make the wheels go 'round.'"



# Community-first approach fuels growth, partnerships across Southeast

As Food City continues to expand across the Southeast, its strategy remains rooted in a principle that predates many of today’s retail trends: deep, sustained investment in the communities it serves.

From high-profile collegiate partnerships to membership in the local chamber of commerce and store-level engagement, the company’s approach reflects a belief that long-term success is inseparable from community connection.

For Kevin Stafford, who recently transitioned into the role of VP of center store operations after serving as VP of marketing, that philosophy is both personal and operational.

"It goes back to the old principle – to whom much is given, much is expected," Stafford said. "I think this company, from the CEO all the way down to our cashiers and baggers and everyone in between, they all have adopted the culture of what it means to be plugged into the community."

That culture shows up in a lot of ways at Food City – in a sports arena bearing the company’s name on the University of Tennessee campus, in a track-and-field complex at a small college near the company’s corporate headquarters, in school supply checks delivered to principals, in a child who stopped watching the weather forecast because he no longer had to worry about rain coming through his bedroom ceiling.



Kevin Stafford

In 2019, the partnership took a formal step forward when Food City became a corporate champion of UT Athletics.

Then, in 2022, a lunchtime conversation over naming rights changed things further.

The more the idea circulated internally, the more sense it made, Stafford said. Food City operates about 90 stores in Tennessee. The University of Tennessee is one of the state’s most powerful brands.



In 2023, the Food City Center name went up on all four sides of the building. The Thompson-Boling Arena name was preserved inside, honoring the facility’s history, but the marketing identity became Food City Center – home to basketball, volleyball, concerts and commencement ceremonies, with Food City branding woven throughout.

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## Food City Center

The building that is now the Food City Center opened in 1987 as Thompson-Boling Arena at the University of Tennessee in Knoxville. Food City’s relationship with UT goes back about 30 years, growing alongside the company as it expanded deeper into the Tennessee market.

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"You think about the University of Tennessee brand, it's a strong brand. Food City is a strong brand. So what an opportunity for the Food City Center," Stafford said.

More than 22,000 people fill the arena for basketball games. Stafford described what that means for the brand in terms that go beyond signage.

"Think about community. One of the things we always strive for at the stores is to be the best store in town, and that means you are plugged into the communities where you operate. And if the communities are successful, the store is going to be successful. Same thing is true.



"Nothing is bigger in Knoxville than the University of Tennessee. This is community, and 22,000-plus people pack this place for basketball games. It's a community, and you bring them all together – Food City's at the center of that. It makes us feel good as a company to know that we're giving back to a partner who's such a big part of the community."

During events, Food City puts the partnership to work in ways that extend the relationship beyond signage – gift card giveaways, T-shirt nights, glow stick events and vendor partner promotions that give CPG companies a chance to connect their brands to the UT fan base alongside Food City's.

The involvement of vendor partners adds another layer of value.

"It's a great thing, too, because our vendor partners love it as well ... I think it's a win-win-win for everybody," Stafford said.

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**Bristol, Tri Cities and 35-year NASCAR relationship**

Food City's sponsorship of Bristol Motor Speedway dates back to 1992 – more than three decades of association with one of NASCAR's most storied venues and most passionate fan bases.

"I don't think I've ever had a conversation with anybody about Bristol Motor Speedway where they don't say, 'Oh, Food City, is a sponsor there. We've seen you there,'" Stafford said.

Six Food City stores operate in the immediate Bristol, Tennessee, community. Race weekends bring fans from across the country – fans who stop at whichever Food City is closest to where they're staying and who feel a connection to the brand.



"You go to those stores, and you meet people," Stafford said. "It's like, 'Oh, I shop in your store in Chattanooga, at your store in Kentucky.' They're all coming to the race, but they stop at that store. NASCAR fans are loyal. They're loyal to NASCAR, but they're loyal to the sponsors, and we think that's something that's been very advantageous for us."

**Investing in regional institutions**

While the Food City Center and Bristol Motor Speedway represent large-scale investments, the company's community strategy is equally evident in smaller markets and grassroots initiatives.

Partnerships with East Tennessee State University in Johnson City, the University of Tennessee at Chattanooga, Radford University and Emory & Henry round out a sports sponsorship portfolio built on the same principle that runs through all of Food City's community work: invest where people live.

Emory & Henry College sits close to Food City's corporate office in Abingdon, Virginia. The company has deep ties there – associates who graduated from the



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college, current students doing internships, years of institutional relationship. When the college needed a sports complex, Food City helped make it happen.

The result is a facility with a track and turf fields that didn't exist before – infrastructure that has expanded which sports the college can offer and, by extension, how many student-athletes can earn scholarships and pursue their education there.

"I think of it this way, we've enabled a community to go reach the [larger] community," Stafford said. "They're bringing other kids to this field, this facility. Whether it's Special Olympics or it's your own community, that's what you do."

Stafford recalled the ribbon-cutting event as a defining moment.

"We got to meet those student-athletes when we did the ribbon cutting that day and see the appreciation of a student who, because somebody invested in their community, they now have the ability to come and play a sport and get their education at the same time," he said.

The Special Olympics were scheduled to be held at the complex in April.

### School Bucks

Food City's School Bucks program has been running for more than 20 years. It started as Apples for the Students – customers saved receipts, turned them in and the totals were used to purchase Apple computers for local schools.

Over time, it evolved into a program that issues checks directly to participating schools, giving educators the flexibility to buy what their students need.



Since the program's inception, Food City has directed more than \$23 million into area schools through School Bucks.

Stafford recalled a principal who showed him what the money had purchased – sports equipment for PE classes – and later sent photos of the kids using it.

"Whether it's kickball or basketball, whatever it is ... that's where School Bucks comes into play," he said. "You build relationships. Our store managers and our human relations coordinators, they go out to all these schools, they build their relationships, they encourage them to sign up."

"And then what does that do for the business downstream? Well, it encourages families to shop with Food City, because they can earn points for the school, which in turn, gets money that comes back into their school."

### Feeding folks, building homes

The Race Against Hunger campaign, run in Food City's Tri Cities, Kentucky and Knoxville markets, and its counterpart Share Your Christmas, which operates in the Chattanooga market, together raise roughly \$750,000 to \$1 million annually for local food banks. Every dollar raised stays in that store's community.

Last spring, Food City's Charity Dinner & Golf Tournament set another event record, raising over \$2.74 million to benefit area organizations. These funds benefit not-for-profit organizations across Food City's footprint and beyond. The event has raised more than \$19.3 million since its inception.

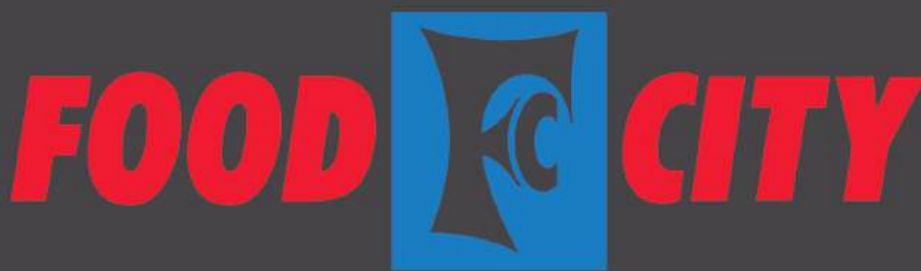
The Paralyzed Veterans of America partnership – run through Food City's long-standing NASCAR relationship with Richard Petty as spokesman – has raised



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# Here's to Food City

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nearly \$4.5 million since 2011. The Breakthrough T1D campaign, formerly the Juvenile Diabetes Research Foundation, has generated more than \$5.6 million over the past decade, making Food City the organization's largest supporter in the East Tennessee market.



Through the Food City Foundation, the company also supports the Appalachian Service Project, which rebuilds homes for people in need. Stafford told a story that illustrates what that work means at the human level.

ASP was repairing a home where a child had been fascinated with watching weather forecasts every day – until the work was done. When the local TV meteorologist came out for a visit afterward, the child was indifferent.

"They asked the child, you used to love the weather, why do you not love the weather?" Stafford said. "[The child] said, I don't care about the weather anymore. Now I don't have to worry when it rains outside that my roof's going to leak in the bedroom."

He put that moment in context.

"For us, it's a golf tournament. For us, it's a lot of fun; it's a lot of work, because it takes a lot to put together ... but you connect it to the story," he said.

"And that's where the beauty is of what you do, when you see the end results. Here's what exactly your money's going to. It's not just building a house. It's not just about a check presentation. It's about the fact you're impacting the family downstream."



### Recognizing those who give back

The Claude P. Varney Volunteer Recognition Program – named for a former

Food City president who served as a mentor to CEO Steve Smith – recognizes associates who give extraordinary time to their communities. Associates are nominated, often reluctantly.

"A lot of people we have to nudge," Stafford said. "They don't want to be recognized."

District-level winners are selected from store nominations, with overall company winners receiving monetary awards directed to the charity of their choice.

The Empower program – the women's leadership group co-founded by EVP Katie Penny – also organizes community service events, from Habitat for Humanity builds to highway cleanups, as part of its mission.

### Retail media, AI and evolving customer

Before moving to center store operations, Stafford spent years managing Food City's marketing. He watched retail media evolve rapidly in a short period of time.

"Three years ago, I don't know that a lot of us were talking about retail media," he said. "It's taken off exponentially."

Food City has built out three components: in-store screens that monetize shelf and digital space with CPG partners while also carrying the company's own content; off-site media that allows the company to reach customers with targeted messaging based on their purchasing behavior; and website advertising through search terms, videos and recipe content.

"What's the old saying? If you build it, they will come," Stafford said. "Sometimes I use the dog chasing the car – when you catch it, then what do you do with it? Now we've caught it, the infrastructure is in place, and now we'll just see what happens."

Artificial intelligence has moved just as fast – and Stafford uses it daily. Tasks that once required hours of spreadsheet analysis now return results in minutes. Planograms can be fed into AI systems that evaluate them against customer demographics and sales data and return specific recommendations.

"It'll give you critiques back: 'Hey, you need to move this. This item has a high velocity – let's try to move it to another section,'" Stafford said. "You spend more time focused on the results and what you can do to impact results downstream than you do analyzing the data."

He pushed back on the idea that AI threatens jobs. "What it's going to do is it's going to enable people to be much more successful, quicker at their jobs," he said. "I think it's going to make lives a whole lot better. There's a lot of stress in our jobs, and I think it could take some of the stress away."

On the consumer research side, Food City works with Symphony to segment its customer base and track behavioral patterns across categories and spending levels.

As Food City's best customers represent about 85 percent of sales, Stafford said, "You've got to take care of them."

"And I think that's one of the reasons why you use the data. You go through consumer research – we look at 60,000 emails that we actually get back every year from consumers saying, 'Hey, here's what I think about your stores.' You've got to listen to what they say and take action on the items that we think are most important that we could do something about. And from the loyalty side, be able to have programs that help customers want to keep coming back to our stores."

### What wins in the end

For all the technology and data, Stafford returns to something simpler when he talks about what determines a grocery company's future.

He described running into a customer at a store he had worked at 30 years ago – a store that had since been rebuilt twice – who still remembered him from his days as a cashier and bagger.

"It's amazing that they still remember those times when you were in that store," he said. "It's their Food City. It's not the Food City in Bristol; it's their Food City. It's their cashier, it's their store, it's their store manager. And people get proud of that."

He sees the challenge ahead as keeping that feeling intact as the company grows – differentiating through experience, through technology, through assortment and through the way customers are greeted.

"Every opportunity presents a chance for somebody to make a difference," he said. "You don't look at those things as roadblocks necessarily, you just look on it as an opportunity to say, what's next? What can we do to overcome this issue? Most of the time, you have a lot of smart people that will give you an answer to that."

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Food City's community investment by the numbers  
Across Virginia ♥ Tennessee ♥ Georgia ♥ Kentucky ♥ Alabama

 <p><b>\$108 million+</b> Contributed to nonprofits, schools and events over the past decade</p>	 <p><b>\$500,000 avg.</b> Race Against Hunger Raised annually</p>	 <p><b>\$629,000+</b> Friends &amp; Pets in Need Raised in 2024</p>
 <p><b>\$800,000</b> School Bucks program Allocated annually to area schools \$23.7M+ awarded since inception</p>	 <p><b>\$8.6 million</b> Contributed to charitable organizations and events in 2024 alone</p>	 <p><b>\$100,000+</b> Share Your Christmas Raised annually</p>
 <p><b>\$473,600</b> Paralyzed Veterans of America Raised in 2025 \$4.5M+ raised since 2011</p>	 <p><b>\$2.74 million</b> Charity Dinner &amp; Golf Tournament Raised in 2025 \$19.3M+ raised since inception</p>	
 <p><b>\$2.1 million</b> Hurricane Helene relief Raised for flood relief in 2024</p>	 <p><b>\$548,000</b> Breakthrough T1D Raised in 2025 \$5.6M+ raised over the past decade</p>	

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## Three stores, three communities, one mission – managers talk shop

The mission at Food City is the same in every location: run the best store in town.

But what that looks like on the ground – in a high-income Knoxville zip code, in a neighborhood store with deep community ties or in a tourist town where the population can swell from 4,500 residents to 100,000 or more visitors at any given time – is a different story in every location.

Three Food City store managers in Tennessee talked with *The Shelby Report of the Southeast* about what makes their stores tick.

### Hardin Valley: Built for a different kind of customer

The Hardin Valley Food City in Knoxville opened in 2009 – the start of the housing recession, as store manager Joe Fahy noted. Last September, the store completed a major expansion, adding about 10,000 square feet and a suite of new departments that reshaped what it can offer.



Joe Fahy

Starbucks came with the remodel, too – new to the store.

"We added offerings in the deli department," Fahy said. "Pizza section, sandwich shop, smoked meats, fresh salad bar, soup bar. They expanded

the produce operations, and we are able to get more variety in our produce department."

The produce department now carries everything the warehouse offers, including a robust local and organic selection that Fahy said reflects the specific character of the Hardin Valley customer.

"This area is a little unique from some of the other stores," he said. "You'll see a little more [organic] here than you will at some of the other stores in our area, just due to our clientele."

Hardin Valley sits in the second-highest income zip code in the Knoxville area, and Fahy runs the store with that in mind. The customer here, he said, is looking for quality and convenience.

"They're looking for stuff that they can take home and feed their family and be proud of taking it home," he said.

That means grab-and-go options built around quality – smoked pork loins, smoked rotisserie chickens, hot items throughout the store that make a meal feel made even when time is short. It also means leaning into occasion-based retail in ways that go a step beyond what other stores might do.

"We'll do something for Kentucky Derby or the Masters," Fahy said. "We'll have Masters' products out ... we'll do a bit more at this store than I would have done at other stores."

### Middlebrook Pike: Where retention is the scorecard

A few miles across Knoxville, Kim Tabaku manages the Food City on Middlebrook Pike – a store that measures its success less by square footage and more by how deeply it is woven into the neighborhood around it.

"Our store tends to lead the pack in fundraising," Tabaku said. "We have a very close relationship with the community. We are directly in the neighborhood, and they know that we're here to service their needs."

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Tabaku said she makes fundraising something her team takes ownership of. "We make it competitive; we make it fun," she said. "It's all for a good cause."



Kim Tabaku

Haven food pantry – placing orders for the pantry and donating Friends in Need bags twice a year.

A new partnership is in the works with the Knoxville Women's Shelter, which is establishing a food pantry. Tabaku's store will begin providing food there as well.

On the operational side, Middlebrook Pike usually ranks among the lowest in the company for turnover and has some of the most long-tenured associates – a fact Tabaku attributes to intentional culture-building at every level of the store.

"What we do here is just a lot of communication. Following up with new associates – how's it going, making sure everything's good. Having our huddles,

Recent campaigns have included Project Help, a Knoxville Utilities Board program that assists residents with electric bills during the winter, as well as fundraising for the Paralyzed Veterans of America's Mission: Able, and Breakthrough T1D.

The store donates to local high schools, supports Girl Scouts and Boy Scouts, and handles ordering for the Knox

having our department head meetings and celebrating the little wins," she said.

"We have to correct the issues, but we have to celebrate the wins, too. To know that the things that we're doing for our customers is making an impact."

Tabaku said it comes down to the people in the store and the people they serve.

"My associates are great. Our community is great," she said. "And these people, they trust us to provide the nourishment for themselves and others, and that is a big deal. We take it seriously. We want to make sure it's right."

**Gatlinburg: A store unlike any other**

Junior Watson has managed the Food City in Gatlinburg since 2008. Before that, he worked at what he calls "normal" stores. He is careful to make clear that Gatlinburg is not a normal store but is one that he calls home.



Junior Watson

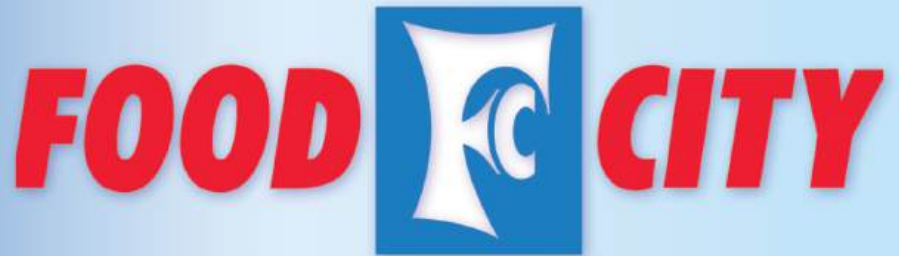
"I couldn't go anywhere else and work," he said.

The numbers explain part of why it's not a normal store. Gatlinburg has 4,500 permanent residents. At any given time, the town can have 100,000 to 150,000 tourists – many of whom become Food City customers, often for the first time.

"We're able to create a good image for our company," Watson said. "A lot of the stores where we go to open, they have visited our stores here in Gatlinburg

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and, of course, in Pigeon Forge, which just neighbors us. So it's a big opportunity and very unique that we get to service brand new customers every day. And lots of stores don't get that opportunity a lot."

The volume swings are extraordinary.

"This week, I'm going to do 50 percent more than I did last week," Watson said, describing a fluctuation that creates its own management challenges and requires a company willing to be flexible. "We're very fortunate to work for a company that gives us leeway here to be able to meet our customers' needs by adding trucks or sending us help from other stores."

Part of that help comes from J1 students – international workers who come to Gatlinburg to earn money and experience American culture. This winter, Watson had associates from Peru. In the spring, workers arrive from Thailand and Malaysia. Summer brings associates from Jamaica, Turkey and the Dominican Republic.

"We'll have anywhere from 75 new employees each year that we have a chance to bring on and get to know and bring their first experiences to America through our store," Watson said. "It's such a blessing. I've become friends with a lot of them."

The store is in its third remodel since Watson arrived – the most extensive yet. Previous remodels occurred in 2013 and 2021.

New LED lights on a track system that hangs from the ceiling have transformed the produce department. "You wouldn't believe how much of a difference it really brings out ... it makes it look even fresher ... we're really proud of that," Watson said.

What he calls island cases and new back wall cases have been added in the deli and bakery area. Service meat cases and fresh meat cases are going in next. The meat cooler and freezer are being replaced. Ten new Tesla chargers have been added to the parking lot, along with 15-20 new parking spots. Outside, rock wall remediation is underway.

Watson described one addition in the floral corner with particular pride: a pharmacy kiosk – the first of its kind in a retail location in Tennessee.

Gatlinburg has no pharmacy. Residents have been driving to Pigeon Forge – at least 12 miles away, and in tourist traffic, potentially 45 minutes to an hour.

"Me being born and raised here, it means a lot to me to take care of that for them," Watson said.

The kiosk will be served by the Food City pharmacy in Pigeon Forge. "It is a kiosk where our store in Pigeon Forge will be able to fill prescriptions, and they're going to deliver those up here each day, sometimes maybe twice a day," Watson said.

Customers will access their prescriptions using a personal code, and a screen on the kiosk allows them to speak directly with the pharmacist via video if needed. Watson described the appeal for visitors as well as residents.

"If you were visiting from Chicago and weren't feeling well, just have your doctor back in Chicago call in a prescription to our pharmacy in Pigeon Forge. They would fill that prescription, and they could pick it up right here," he said.

The kiosk recently became operational.

While this is Watson's third remodel, he said it feels like more than a building project; it's personal. The Gatlinburg native has watched the town through busy summers and quiet winters, through remodels and record Valentine's Days and the steady parade of first-time customers who walk in not knowing what to expect.

"There's always something different in the other stores," he said, "but there is something really different here all the time, and it makes it very unique."



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