

# *Whole Foods Market Comes to Town: The Effect on Organic Produce Sales at Rival Stores*

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## **Abstract**

As the world's largest organic supermarket, Whole Foods is of great interest when it comes to analyzing the market for organic foods. To help understand the "organic revolution" in U.S. food consumption, I analyze the effect on the sales of organic produce at incumbent stores when Whole Foods enters a local grocery market. I use Data Axle's U.S. Historical Business Data and a self-created dataset of Whole Foods store entry dates to map markets to new Whole Foods stores. Using difference-in-differences and event study approaches, I estimate the effect of Whole Foods entry on the share of monthly produce revenue at incumbent stores derived from their sale of organic produce. I find no effect on organic shares of produce revenue, and that Whole Foods enters markets where organic shares in that market and its neighboring markets are already increasing at faster rates. This minimizes Whole Foods' role in driving the "organic revolution" for produce, and instead suggests that Whole Foods simply capitalized on increased demand for these products.