

What King Soopers strikers are up against: profile of a corporate giant

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Thousands of workers at King Soopers are entering their second week on strike against the largest grocery store chain in Colorado. The courageous strike action by 8,400 workers across the Denver metro area places them in conflict with the grocery giant Kroger, which owns King Soopers.

But if workers are to win against the company, they must understand what it is they are fighting against. Kroger is the largest supermarket chain in the country, with 2,750 stores among 19 different subsidiary chains and 35 food processing plants across 35 states. Kroger accounts for 10 percent of nationwide grocery sales, second in the country behind its chief rival Walmart.

This dominant position has enabled Kroger to make immense revenues and profits, drawn from the labor of a workforce in excess of 465,000 people.

Prior to the pandemic, Kroger made \$122.3 billion in sales, generating nearly \$3 billion in profits. But over the last two years Kroger benefited even more as restaurants closed and people turned to low cost grocers. In 2020 Kroger saw its revenues grow to \$132.5 billion, resulting in an increase in profits to over \$4 billion. Again in 2021, Kroger further increased revenue to \$135 billion.

This rise in profitability has resulted in a 45 percent rise in Kroger's stock price since the start of the pandemic, enriching wealthy investors as thousands of Kroger workers were infected with COVID-19.

It has increased the dividend payouts to shareholders for 16 straight years, now paying 84 cents a year on the share. To even further enrich its wealthy shareholders, Kroger has authorized an additional \$1 billion in stock buybacks for the coming year, on top of \$1.32 billion in buybacks approved in 2020.

Amidst this flood of money that has washed over Kroger, its workers continue to live in poverty. A

recent study found that nearly two-thirds of Kroger workers do not make enough to afford basic necessities. The study found that those workers surveyed would need an average wage of \$22 an hour, or \$45,000 a year, for a decent living. In reality, however, these same workers make less than \$15 an hour, or \$30,000 a year.

With such low wages, Kroger workers find themselves living in poverty conditions: 53 percent are unable to afford rent, one in seven have experienced homelessness in the past year, and workers at even the highest pay scale have seen their real wages decline as wage increases fail to keep up with inflation.

In a twist of cruel irony, 78 percent of Kroger workers are food insecure, often unable to afford groceries from the store they work at. Meanwhile, Kroger Chairman and CEO Rodney McMullen is the co-chair of Feeding America, the largest food bank organization in the country.

Kroger has been fully aware of the conditions of its workers for years. A leaked internal corporate report from 2018 provided to Kroger executives outlines the social misery that its low pay has caused. The report notes that one in five Kroger employees must receive government assistance to survive, double the one in ten rate for customers.

Most critical in the report is an acknowledgment that low pay is a leading cause of worker turnover in the company. Therefore, the report recommended a \$500 million investment in wages over three years. However, it also recommended an offset of this increased labor cost by reducing the pension fund by \$25 million and health care benefits by \$15 million.

To the extent that it makes any effort towards increasing wages it is in the interest of tricking workers, especially new ones, into thinking that Kroger

will offer satisfactory compensation. But in reality it will seek to claw back any additional costs in wages through cuts to health care, pensions and safety.

Striking workers at King Soopers should be alert to any attempts by the company to insert concessions to benefits hidden behind modest increases to pay. The company has already attempted this in previous contract offers, trying to cut benefits and include clauses that would allow the company to alter pay rates at any time.

Kroger is committed to extracting as much value out of its workforce as possible, be that through cutting labor costs or overworking employees to the point of exhaustion.

However, King Soopers workers must recognize that Kroger will not be focused on the loss of sales caused by the strike. King Soopers makes roughly \$4 billion in revenue each year, but this is only 3 percent of Kroger's annual income.

Instead, Kroger's attention will be focused on making sure that the strike does not spread to other parts of the country. Kroger will do everything it can to break the strike and force concessions on the workers in Colorado, mostly out of fear that a national uprising of workers against poverty wages and crushing working conditions will occur.

Such a rebellion by workers could threaten to spread beyond Kroger to other chains or even to other critical industries. Kroger's executives will be well aware of this.

In August of last year Kroger appointed Elaine Chao to its board of directors. Chao is the wife of far-right Senator and Senate Minority Leader Mitch McConnell. Before her appointment to Kroger's board she served as the secretary of labor under President George W. Bush, where she endorsed the weakening of labor safety standards, and as secretary of transportation during the Trump administration. Chao's connections to right-wing politics will no doubt play a role in how the company responds to the strike.

Kroger has also deployed Joe Kelley to Colorado to serve as King Soopers president. Kelley was appointed president of Kroger in Houston two years ago specifically to suppress any strike action pursued by workers when their contract expired last November.

Workers ultimately defied Kelley and voted overwhelmingly to strike, despite only \$250 a week in

strike pay offered by the union. But the union eventually cut a deal with Kroger and the strike was called off.

Kroger knows from years of experience that it can rely on the United Food and Commercial Workers union to isolate and ultimately betray the strike. The UFCW, despite having 1.3 million members and \$1.1 billion in assets, has worked with management to depress wages among grocery workers. UFCW Local 7 accepted the two-tier system at King Soopers in 2005 which workers are now fighting against, and is now isolating the strike by keeping King Soopers workers in Colorado Springs, the second-largest city in the state, on the job.

It also extended the contract for Safeway workers in the state, which had been due to expire shortly after King Soopers. While workers in Denver have responded enthusiastically to the King Soopers strike, refusing en masse to shop there, much of this traffic is instead going towards Safeway, where workers reporting having to work 14 hours a day just to keep pace with demand.

This experience has been repeated across the country. When Kroger workers in Portland, Oregon, walked out last year the strike lasted only a day. While the UFCW declared that it was a great victory, the truth is that the one dollar raise fails to even cover the current rate of inflation, making it effectively a pay cut.

King Soopers workers must be prepared for a tough battle with the company. In order to take on the Kroger behemoth workers must expand support for the strike and build rank-and-file committees that can connect Kroger workers with workers in all industries to oppose low pay, harsh working conditions and pandemic policies that have cost the lives of thousands of retail workers.



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