# Unit 5 Assignment - Written Case Analysis: Synthesis

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BU 690 Business Integration & Strategic Planning

**INTRODUCTION**

In this paper, I conducted a case analysis of Whole Foods Market within the time frame of 2014. The company’s unique marketing and positioning strategy will be identified. An analysis and evaluation of its competitive advantage will be contributed to the treatment of the case analysis. Finally, a set of recommendations will be suggested.

**I. UNIQUE MARKETING AND POSITIONING STRATEGY ISSUES**

John Mackey’s, Whole Foods Market cofounder and co-CEO vision was for Whole Foods to “become an international brand synonymous with carrying the highest-quality natural and organic foods available and being the best food retailer in every community in which a Whole Foods store was located.” Thompson (2014) as cited by Thompson, Peteraf, Gamble, Strickland, (2015)

The vision of Whole Foods Market is accomplished via their strategy in 5 areas:

**a. Growth Strategy:** The growth strategy consists of opening new stores and acquiring existing stores that have the human resources on-hand.

**b. Location Strategy:** The company conducts research that involves a demographic based on education levels, population density, and income within a specified time of travel.

**c. Product Strategy:** Whole Foods carries approximately 50,000 items but due to the various sizes of it store locations, on the low end, some locations carry 10,000 items. On average its locations carry 21,000 items. Regardless, of the product, all goods must meet strict standards of being free of artificial preservatives, colors, flavors, sweeteners, and hydrogenated fats, encompassing great taste, organic, fresh, safe, and nutritional to eat.

**d. Pricing Strategy:** Whole Foods’ products are “value-priced,” not necessarily priced-based on the costs to produce the goods, such products costs 10 to 40 percent higher than conventional supermarkets. A 10 to 40 percent increase in household food cost makes Whole Foods an unaffordable option for many consumers. Whole Foods lowered prices for certain items making it more attractive to a broader customer base.

**e. Merchandising Strategy:** Whole Foods’ merchandising strategy is to create store atmosphere that would make grocery shopping an enjoyable experience and not an undesired task on the “to-do-list”. Stores are designed with the foodie in mind and serves as the foodies’ playground.

**II. COMPETITIVE ADVANTAGE**

**a.** **Growth:** The two-fold strategy allows faster growth for the company and reduces startup time by acquiring existing businesses while the company establishes brand new stores. By acquiring new stores with experienced personnel, Whole Foods also acquires skilled employees. This is beneficial to the company for it minimizes time and resources needed to find and hire effective employees and the experience of the staff can help to maintain and grow the business.

**b. Location:** Stores are conveniently located for the target demographic, i.e. education levels, population density, and income. Natural and organic foods cost more than their non-organic and non-natural counterparts. Higher educated segments usually have the income to spend on higher priced items. Placing store locations within a reasonable travel distance of the target demographics creates the convenience and for the opportunity of sales.

**c. Product:** Whole Foods carries a large variety of products. All products are guaranteed to be meet strict Whole Foods strict standards of being natural and organic. This guarantee ensures products that appeals to a target demographic that is concerned with health and wellness.

**d. Pricing:** Whole Foods’ prices is competitive for the natural food and organic market. Whole Foods began a pricing strategy to broaden their demographic target and compete with its supermarket rivals with reduced pricing of key items, cost-saving weekly deals, budget-friendly items, and store-brand coupons.

**e. Merchandising:** There is a display of fresh seafood and meats, open kitchens with chefs, bakeries, hot bars, salad bars, gourmet food sections and sit-down eating areas. Local store buyers acquire some fruits and vegetables from local organic farmers. This helps support local economy and identify food sources.

**III. RECOMMENDATIONS**

**a.** **Growth:** Explore budget-friendly based location expand centered around budget-friendly priced items.

**b. Location:** Expand locations to areas where higher income meets less-than higher income to bring the Whole Foods presence in closer proximity.

**c. Product:** On average, 21,000 products are offered among its 50,000 items. Rotate product offerings to bring the experience of the broader selection to smaller stores.

**d. Pricing:** Continue to modify pricing to make natural food and organic foods budget-friendly and affordable for everyone.

**e. Merchandising:** Find ways to expand the playground for the foodies atmosphere and create a paradise for the palate. A few ways would be more instore samples, rotation of hot bar, salad bar items to introduce more offerings.

**CONCLUSION**

Whole Foods strategy has been successful in moving the company in the direction of its vision. That strategy has created and maintained a competitive advantage in natural and organic market. That competitive advantage can be developed even more through the exploration of the suggested recommendations.

References:

Thompson, A., Peteraf, M., Gamble, J. & Strickland, A. (2015). Crafting & Executing Strategy: The Quest for Competitive Advantage: Concepts and Cases (20th Ed.). London, UK: Pearson.