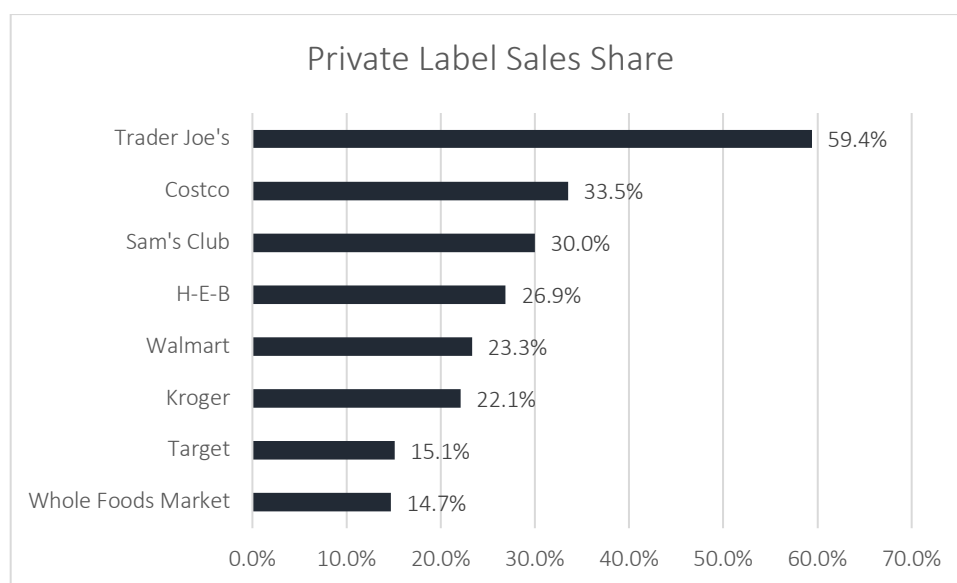


## Bringing WFM brands to greater success

As inflation keeps rising, consumers are continuously looking for cheaper products to include in their pantries, focusing more on price over brand. On the other hand, after Whole Foods was acquired in 2017, a strenuous effort has been made to align with Amazon's commitment to low prices, mainly through private label (Tarasov, 2022). Various analysis and research have been conducted to find if there are any opportunities to expand by determining if the conglomerate of Whole Foods brands is underrepresented in any category.

After looking at the list of subsidiaries of Whole Foods Market, Inc. (WFM) the following brands were identified as part of the WFM conglomerate: 365 by Whole Foods Market, 365 Everyday Value, Allegro Coffee, and Whole Foods Market (U.S. Securities and Exchange Commission, 2005). The limit for underrepresentation was defined as having a smaller proportion of WFM brands representation within a category than the proportion considering all categories (U.S. Department of Health and Human Services).

Through hypothesis testing, we found that WFM is underrepresented in Snacks, Chips, Salsas & Dips. This is also one of the aisles with a higher count of product options and WFM only has around 20% of participation. Additionally, if we compare WFM's private label presence with Trader Joe's, one of Whole Foods main competitors (Gravy Analytics, 2022), there is still a big gap that could be filled throughout all categories except Prepared Foods. Moreover, there are some subcategories where Whole Foods should put special focus to for their abnormal growth within private labels in 2022, such as baking mixes and canned soup (Catalina, 2022).



Source: Statista, 2022

We can conclude that there is no statistical association between category and WFM brand participation (Cramer's  $V = 0.15$ ), meaning that when considering adding a new product to the private label portfolio, the category it will be part of is not noted. As seen in recent research, this trend needs to change to fully capitalize the growth and presence of private labels in the retailer market.

Maintaining a strong brand identity benefits the sustainability of the competitive advantage Whole Foods has over its direct competitors (Downie, 2018). Keeping our private labels sturdy and well represented is crucial in this economy, as well as focusing on expanding our presence in specific categories. As of January of 2022, 30.3% of consumers switched from national brands to private label brands in Pantry Essentials (Ozbun, 2022).

Now that consumers are paying more attention to prices than brands due to slow wage growth and high cost of living, providing them the option for private label is key to avoid our customers switching to competitors who offer a broader SKU count under their own brand and therefore have lower prices (Schweizer, 2022). Quality can't be overseen, since it's one of the brand's differentiators and quality for price is the main reason consumers switch from national brands to private labels (Ozbun, 2022). A combination of a wide range of availability and low prices is the winning strategy for WFM brands.

The categories that need to be looked through to consider increasing the private label presence are Snacks, Chips, Salsas & Dips and Pantry Essentials (Baking Mixes, Canned Soups). On the other hand, the categories that need to have a pricing workshop are Beauty & Body Care, Meat & Seafood and Snacks, Chips, Salsas & Dips, since their average price for WFM brands is currently higher than the average price for the rest of brands, while in general the private label is 12.9% cheaper than the competitors.

Category	WFM representation	WFM average price	Rest of brands average price	Price difference WFM vs rest
BEAUTY & BODY CARE	22.0%	12.42	10.05	23.6%
BEVERAGES	24.2%	6.38	7.02	-9.0%
BREAD, ROLLS & BAKERY	24.1%	4.79	6.83	-29.8%
DAIRY & EGGS	34.3%	4.80	7.52	-36.1%
DESSERTS	38.5%	7.08	7.11	-0.4%
FROZEN FOODS	33.8%	5.41	7.46	-27.5%
MEAT & SEAFOOD	27.3%	13.02	9.25	40.8%
OTHER	14.3%	10.00	13.74	-27.2%
PANTRY ESSENTIALS	29.9%	4.29	7.00	-38.7%
PREPARED FOODS	52.9%	13.21	5.95	122.0%
PRODUCE	19.4%	3.16	4.08	-22.7%
SNACKS, CHIPS, SALSAS & DIPS	20.4%	5.79	5.55	4.2%
TOTAL	27.9%	6.18	7.09	-12.9%

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