

MKTG 612 Marketing Analytics Project Report

Title: Decoding the Grocery Shopping Experience: A

Positioning Analysis

Group Number: 1B

Group Member	Contribution
Deepthi Bhimanapati	Everyone contributed equally
Hemanth Varma Pericherla	Everyone contributed equally
Vaishnavi Karingala	Everyone contributed equally
Anurag Reddy Katta	Everyone contributed equally
Sri Lalitha Somaraju	Everyone contributed equally

Dec 9th, 2024

TABLE OF CONTENTS

<i>BACKGROUND.....</i>	<i>3</i>
<i>RESEARCH OBJECTIVES</i>	<i>3</i>
<i>Limitations</i>	<i>4</i>
<i>FINDINGS.....</i>	<i>4</i>
<i>MARKETING INSIGHTS</i>	<i>9</i>
<i>MARKETING RECOMMENDATIONS</i>	<i>10</i>
<i>REFERENCES</i>	<i>11</i>
<i>APPENDIX</i>	<i>12</i>

BACKGROUND

The grocery retail market is highly competitive, with consumers prioritizing sustainability, affordability, and product quality. Factors such as sustainability, affordability, product quality, and brand transparency now play a significant role in shaping shopping preferences. Whole Foods, known for its eco-conscious practices and high-quality organic products, faces challenges in maintaining its premium market position while competing against cost-effective and accessible alternatives like Trader Joe's, Costco, and Target. The central marketing challenge for Whole Foods is determining how to strengthen its market position by addressing consumer needs while maintaining its premium identity. This involves understanding consumer perceptions, behaviors, and preferences to optimize its brand positioning.

RESEARCH OBJECTIVES

-
- Analyze how consumers perceive Whole Foods in comparison to competitors across critical attributes such as sustainability, product quality, affordability, and convenience.
 - Determine the primary factors that influence consumers to choose Whole Foods over its competitors, such as eco-conscious practices, locally sourced goods, or product variety.
 - Assess how well Whole Foods differentiates itself in the marketplace and identify opportunities to enhance its positioning through pricing strategies, innovative practices, or enhanced convenience.
 - Compare Whole Foods' performance with key competitors to identify areas of strength and opportunities for improvement in delivering customer value.

RESEARCH METHOD

The **survey method** was used to gather insights into consumer preferences regarding grocery shopping experiences at Whole Foods, Costco, Target, and Trader Joe's.

- **Sample Method:** Convenience sampling was employed, allowing timely and cost-effective data collection from respondents accessible to the research team.
- **Sample Size:** Data was collected from **69 respondents**, who provided insights into shopping preferences and behaviors.
- **Demographic Breakdown:**
 - **Age Groups:** Represented a range from younger shoppers to older demographics.
 - **Gender:** Included both male and female participants.
 - **Dietary Preferences:** Categories such as omnivore and keto capture diverse shopping habits.
 - **Household Size and Income:** Varied household sizes and income levels ensured diverse perspectives.

Limitations

1. **Sampling Bias:** Convenience sampling may not fully represent the broader population.
2. **Self-Reported Data:** Responses may be subject to recall bias or social desirability.
3. **Attribute Granularity:** It may not capture decision-making complexities.

FINDINGS

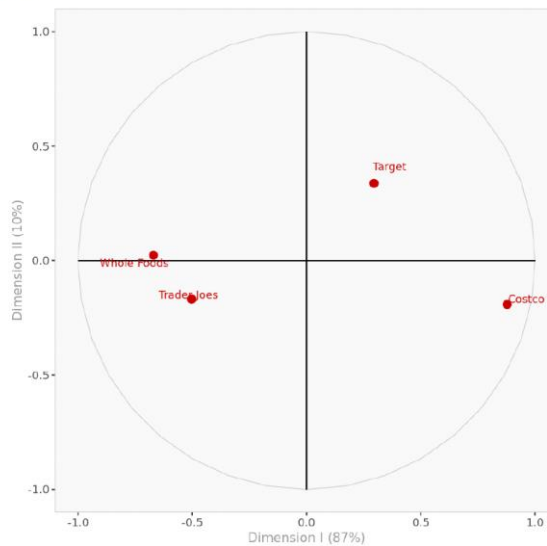
1. Perceptual Map and Variance Analysis: The map illustrates the relative positioning of Whole Foods, Costco, Target, and Trader Joe's based on consumer perceptions. The first two dimensions account for 97.2% of the variance, making them reliable for analysis:

- Dimension 1 (87.2%): Represents attributes such as budget-friendly, eco-conscious practices, product variety, and overall shopping experience.
- Dimension 2 (10.1%): Focuses on convenience attributes like curbside pickup, online ordering, and proximity to home/work.

	Variance explained	Cumulative variance
Dimension 1	87.2%	87.2%
Dimension 2	10.1%	97.2%
Dimension 3	2.8%	100.0%
Dimension 4	0.0%	100.0%

Variance explained. Variance and cumulated variance explained, by dimension.

Dimensions I-II



Objects I-II. Object position on the first and second dimensions of the perceptual map.

2. Brand-Specific Insights

1. **Whole Foods:** *Strengths:* Highly associated with eco-conscious practices (coordinate 0.887 on Dimension I) and healthy products (0.484), reflecting its premium brand image. *Weaknesses:* Scored low on budget-friendly and membership benefits, highlighting affordability challenges.
2. **Costco:** *Strengths:* Leads in affordability-related attributes, particularly budget-friendly (0.813) and product variety beyond groceries (0.826). *Weaknesses:* Lacks emphasis on eco-conscious initiatives compared to Whole Foods.
3. **Target:** *Strengths:* Well-balanced across attributes, including self-checkout availability (0.377) and online ordering (0.509). *Weaknesses:* Lacks strong differentiation, as it does not lead in affordability, sustainability, or convenience.

4. **Trader Joe's:** *Strengths:* Closely linked to locally sourced goods (0.505) and festive items (0.527). *Weaknesses:* Lags in convenience attributes like curbside pickup (0.225) and grocery delivery (0.895).

Attribute-Specific Insights

Affordability vs. Premium Positioning

1. **Costco:**

- **Budget-Friendly:** Highest coordinate on Dimension I (**0.813**), aligning strongly with affordability and supporting its high mean score (**3.9**).
- **Overall Shopping Experience:** Ranked highest in Dimension I (**0.964**), demonstrating Costco's strength in providing value for money.

2. **Whole Foods:**

- **Budget-Friendly:** Positioned negatively on Dimension I (-0.469 on Dimension II and 0.813 on Dimension I), correlating with its low mean score (**2.0**).
- **Eco-Conscious Practices:** Strong positive alignment with Dimension I (**0.887**), justifying its premium pricing for sustainability-conscious consumers.

Convenience

1. **Target:**

- **Self-Checkout Availability:** Positive alignment on Dimension II (**0.341**) and close proximity on the attribute map.
- **Proximity to Home/Work:** Strong correlation with Dimension I (**0.918**) and Dimension II (**0.340**), reflecting its urban shopper appeal.

2. **Trader Joe's - Curbside Pickup and Online Ordering:** Weak correlation on Dimension II (e.g., **Curbside Pickup: 0.225**) and far from these attributes on the map, confirming its service gap.

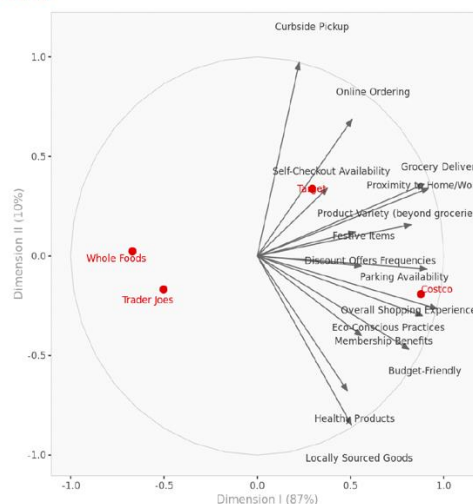
Sustainability and Health

1. **Whole Foods:**
 - **Healthy Products:** Strong alignment on Dimension I (**0.484**) and proximity to **Locally Sourced Goods**, which supports its appeal to health-conscious consumers.
 - **Locally Sourced Goods:** Significant alignment (-0.850 on Dimension II), reinforcing its strength among environmentally conscious customers.
2. **Trader Joe's:** Similar alignment to Whole Foods on **Locally Sourced Goods** and **Festive Items**, demonstrating niche market appeal.

Overall Shopping Experience

1. **Costco - Overall Shopping Experience:** Highest alignment (**0.964** on Dimension I), demonstrating its dominance in providing value across affordability and satisfaction.
2. **Target:** Strong alignment with **convenience-related attributes** like **Curbside Pickup** (**0.973**) and **Online Ordering** (**0.687**), making it appealing to modern shoppers.

Dimensions I-II



Preference Analysis

1. Average Brand Preference Scores:

Preference data

	Average preference
Costco	2.80
Target	2.31
Whole Foods	2.05
Trader Joes	1.73

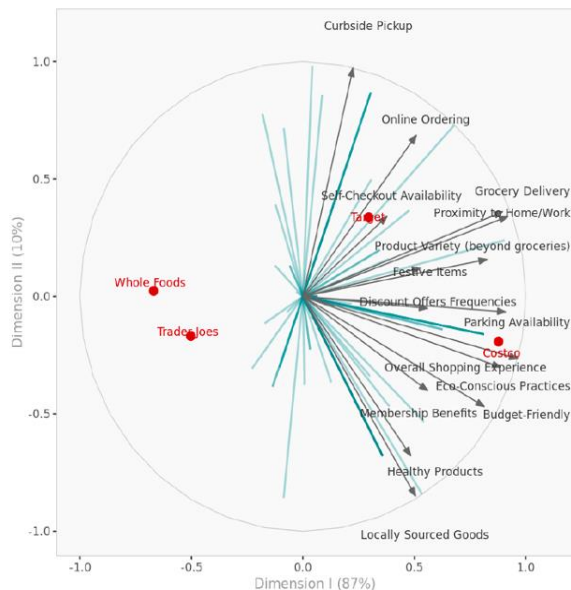
Average brand preference. For each brand, displays its average preference value in decreasing order.

This indicates that affordability and convenience are significant drivers of brand preference, with Costco leading due to its value-driven offerings.

2. Purchase Behavior Insights:

- Respondents prioritize budget-friendly options and eco-conscious practices when selecting a store.
- Grocery delivery and curbside pickup are increasingly relevant post-pandemic, benefiting brands that invest in these features.

Dimensions I-II



Perceptual Map I-II. Complete perceptual map with objects, attributes and preferences on the first and second dimensions.

Perceptual data

Perceptual data

	Whole Foods	Costco	Target	Trader Joes
Budget-Friendly	2.0	3.9	2.9	2.4
Discount Offers Frequencies	1.5	3.6	3.0	2.3
Membership Benefits	1.7	3.8	2.3	1.5
Eco-Conscious Practices	2.3	3.0	2.7	2.4
Healthy Products	2.7	3.4	2.8	2.7
Locally Sourced Goods	2.3	3.0	2.4	2.4
Festive Items	1.8	3.6	3.3	2.5
Product Variety (beyond groceries)	2.0	3.8	3.4	2.4
Online Ordering	1.9	3.3	3.3	1.4
Curbside Pickup	1.8	2.0	2.8	1.5
Grocery Delivery	1.5	2.6	2.4	1.7
Self-Checkout Availability	2.3	3.5	3.2	1.6
Proximity to Home/Work	2.2	3.7	3.3	2.2
Parking Availability	2.1	3.6	3.1	2.4
Overall Shopping Experience	2.5	3.9	3.2	2.7

Perceptual data overview. Perception values for each attribute are shown in red if they are significantly (1 standard deviation) less than average perception of all brands. Perception values are shown in green if they are significantly more than average perception of all brands.

MARKETING INSIGHTS

1. Positioning Analysis

- **Dimensions Underlying the Perceptual Map:**

- **Affordability and Product Variety (Dimension 1):** Represents attributes such as budget-friendly pricing, overall shopping experience, and product range.
- **Convenience (Dimension 2):** Encompasses attributes like online ordering, curbside pickup, and proximity to home/work.

- **Consumer Perceptions of Whole Foods vs. Competitors:**

Whole Foods is perceived as a premium brand excelling in **eco-conscious practices** and **healthy products** but lags in **affordability** and **convenience** features.

- **Costco** is seen as budget-friendly with high product variety and practicality.
- **Target** is balanced, excelling in convenience and affordability.
- **Trader Joe's** appeals to a niche audience with locally sourced goods and festive items but lacks convenience features.

While Whole Foods is effectively positioned as a premium, eco-conscious brand, it is not well-balanced in the context of consumer demands for affordability and convenience. Competitors like Costco and Target capitalize on these gaps, attracting broader market segments.

3. Repositioning Whole Foods

Whole Foods should retain its strengths in sustainability and health while improving affordability and convenience to appeal to a broader audience.

- **Short-Term Strategies:**

- Introduce a loyalty program with discounts on essential items to address affordability concerns.

- Expand convenience features such as curbside pickup and grocery delivery services to attract time-conscious shoppers.
- **Long-Term Strategies:**
 - Develop an economy-friendly product line under the Whole Foods brand to appeal to cost-conscious consumers while maintaining quality.
 - Enhance partnerships with local farmers to reduce costs and reinforce its eco-conscious image.

3. Repositioning Statement

Whole Foods: Where sustainability meets affordability. We're making eco-conscious, healthy living accessible to everyone through premium quality and convenience—delivered to your doorstep or in-store with ease.

MARKETING RECOMMENDATIONS

1. Enhancing Affordability:

- Launch a **“Budget-Friendly Basket”** initiative featuring high-quality, affordable essentials under a separate product line.
- Provide exclusive discounts for Amazon Prime members on staples to retain loyalty while attracting new cost-conscious shoppers.

2. Improving Convenience:

- Invest in **technology-driven convenience** by expanding online ordering and grocery delivery options. And introduce express self-checkout stations and in-app features for seamless curbside pickup experiences.

3. Reinforcing Sustainability and Wellness:

- Highlight the **local sourcing** of products through in-store campaigns and packaging. Also, expand offerings of **biodegradable and reusable packaging**, with visible signage reinforcing its eco-friendly initiatives.

4. **Community Engagement:**

- Partner with local farmers and artisans for “**Community Markets**” to build trust and foster loyalty. Create educational campaigns on sustainable living through social media and workshops.

5. **Data-Driven Personalization:**

- Use **customer data analytics** to personalize promotions, targeting specific consumer segments such as budget-conscious families or health enthusiasts.

REFERENCES

-
- Singh, R. (2019). Why do online grocery shoppers switch or stay? An exploratory analysis of consumers’ response to online grocery shopping experience. *International Journal of Retail & Distribution Management*, 47(12), 1300–1317.
<https://doi.org/10.1108/IJRDM-10-2018-0224>
 - Seo, J.-I. (2024). Online Grocery Shopping Intention after the COVID-19 Pandemic. *International Journal of Business and Management*, 19(6), 1-.
<https://doi.org/10.5539/ijbm.v19n6p1>
 - Sayman, S., Hoch, S. J., & Raju, J. S. (2002). Positioning of Store Brands. *Marketing Science*, 21(4), 378–397. <http://www.jstor.org/stable/1558072>
 - Sanapala, Gopal & Nzeku, Sandile & Mohan, V.. (2023). A Study on how Brand Positioning Helps the Business to Stand-Out Distinctively in Saturated Market: A Study

APPENDIX

QUESTIONNAIRE

Evaluate Each Store on the Following Criteria:

Whole Foods:

1. Poor 2. Fair 3. Average 4. Good 5. Excellent

Budget Friendly 1 2 3 4 5

In Store Sales 1 2 3 4 5

Membership Benefit 1 2 3 4 5

Eco-Conscious Practices 1 2 3 4 5

Healthy Products 1 2 3 4 5

Locally Sourced Goods 1 2 3 4 5

Festive Items 1 2 3 4 5

Range of Product Categories (more than groceries)

1 2 3 4 5

Online Ordering 1 2 3 4 5

<u>Curbside Pickup</u>	1	2	3	4	5
<u>Grocery Delivery</u>	1	2	3	4	5
<u>Offers Self Checkout</u>	1	2	3	4	5
<u>Proximity to home/work</u>	1	2	3	4	5
<u>Parking Availability</u>	1	2	3	4	5
<u>Shopping Experience</u>	1	2	3	4	5

Costco:

1. Poor 2. Fair 3. Average 4. Good 5. Excellent

<u>Budget Friendly</u>	1	2	3	4	5
<u>In Store Sales</u>	1	2	3	4	5
<u>Membership Benefit</u>	1	2	3	4	5
<u>Eco-Conscious Practices</u>	1	2	3	4	5
<u>Healthy Products</u>	1	2	3	4	5
<u>Locally Sourced Goods</u>	1	2	3	4	5
<u>Festive Items</u>	1	2	3	4	5

Range of Product Categories (more than groceries)

	1	2	3	4	5
<u>Online Ordering</u>	1	2	3	4	5
<u>Curbside Pickup</u>	1	2	3	4	5
<u>Grocery Delivery</u>	1	2	3	4	5
<u>Offers Self Checkout</u>	1	2	3	4	5
<u>Proximity to home/work</u>	1	2	3	4	5
<u>Parking Availability</u>	1	2	3	4	5
<u>Shopping Experience</u>	1	2	3	4	5

Target:

	1. Poor	2. Fair	3. Average	4. Good	5. Excellent
<u>Budget Friendly</u>	1	2	3	4	5
<u>In Store Sales</u>	1	2	3	4	5
<u>Membership Benefit</u>	1	2	3	4	5
<u>Eco-Conscious Practices</u>	1	2	3	4	5
<u>Healthy Products</u>	1	2	3	4	5
<u>Locally Sourced Goods</u>	1	2	3	4	5

<u>Festive Items</u>	1	2	3	4	5
----------------------	---	---	---	---	---

Range of Product Categories (more than groceries)

	1	2	3	4	5
<u>Online Ordering</u>	1	2	3	4	5
<u>Curbside Pickup</u>	1	2	3	4	5
<u>Grocery Delivery</u>	1	2	3	4	5
<u>Offers Self Checkout</u>	1	2	3	4	5
<u>Proximity to home/work</u>	1	2	3	4	5
<u>Parking Availability</u>	1	2	3	4	5
<u>Shopping Experience</u>	1	2	3	4	5

Trader Joes:

1. Poor 2. Fair 3. Average 4. Good 5. Excellent

<u>Budget Friendly</u>	1	2	3	4	5
<u>In Store Sales</u>	1	2	3	4	5
<u>Membership Benefit</u>	1	2	3	4	5
<u>Eco-Conscious Practices</u>	1	2	3	4	5

<u>Healthy Products</u>	1	2	3	4	5
-------------------------	---	---	---	---	---

<u>Locally Sourced Goods</u>	1	2	3	4	5
------------------------------	---	---	---	---	---

<u>Festive Items</u>	1	2	3	4	5
----------------------	---	---	---	---	---

Range of Product Categories (more than groceries)

1	2	3	4	5
---	---	---	---	---

<u>Online Ordering</u>	1	2	3	4	5
------------------------	---	---	---	---	---

<u>Curbside Pickup</u>	1	2	3	4	5
------------------------	---	---	---	---	---

<u>Grocery Delivery</u>	1	2	3	4	5
-------------------------	---	---	---	---	---

<u>Offers Self Checkout</u>	1	2	3	4	5
-----------------------------	---	---	---	---	---

<u>Proximity to home/work</u>	1	2	3	4	5
-------------------------------	---	---	---	---	---

<u>Parking Availability</u>	1	2	3	4	5
-----------------------------	---	---	---	---	---

<u>Shopping Experience</u>	1	2	3	4	5
----------------------------	---	---	---	---	---

Likelihood to Shop

1. Never 2. Once a Month 3. 2-3x a month 4. Once a Week 5. Multiple Times a Week

<u>Whole Foods</u>	1	2	3	4	5
--------------------	---	---	---	---	---

<u>Costco</u>	1	2	3	4	5
---------------	---	---	---	---	---

<u>Target</u>	1	2	3	4	5
---------------	---	---	---	---	---

<u>Trader Joes</u>	1	2	3	4	5
--------------------	---	---	---	---	---

A few quick questions about yourself:

- Age: (select one)
 - Under 18
 - 19-30
 - 31-40
 - 41-50
 - 51-60
 - above 60
- Gender: (select one)
 - Male
 - Female
 - Other
- Dietary Preferences: (select all that apply)
 - Vegetarian
 - Vegan
 - Gluten Free
 - Omnivore

- ☐ Keto
- Household Size: (select one)
 - ☐ 1
 - ☐ 2
 - ☐ 3-4
 - ☐ 5 and above
- Household income: (select one)
 - ☐ Below \$50K
 - ☐ \$50-\$100K
 - ☐ \$100-\$150K
 - ☐ Above \$150K