

Whole Foods Market in the Philippines

Strategy Plan

MBA 6303-02

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Executive Summary

Whole Foods is an innovative brand that has potential to expand into the Philippines. With success in the U.S., this company can implement marketing strategies that attract Filipino customers and establish their place abroad in the natural and organic food industry. An analysis of the marketplace, competitors, budget & promotional strategies can help provide Whole Foods with the necessary information it needs to become a success story in the Philippines.



Business Description

- Purpose : Natural and organic food supermarket that believes in sustainable agriculture
- Founded : 1978 by John Mackey, Renee Hardy-Lawson, Mark Skiles, Craig Weller
- Headquarters : Austin, Texas
- Company Sale: Amazon bought the grocer for **\$13.7 billion in 2017**
- Revenue : \$ billion net sales (2021)
- Stores : 500+ in US, UK & Canada
- Brand Identity: Modern, Quality, Organic
- Sales : 21,537,080
- Mission Statement : *Our purpose is to nourish people and the planet*
- Why WholeFoods? Core values, vision and strategy fit the Filipino Market

Marketing Mix



Product

- Natural & Organic products
- 365 Everyday Value
- Whole Foods Market
- Engine 2 Plant-Strong



Place



- Over 500 stores across US, UK & Canada
- Operates digitally as subsidiary of Amazon
- Sit down bars & taprooms



Price

Promotion



- Advertisements
- Public Relations
- Social Media
- Sales Promotions

Market Analysis - Why the Philippines?

Strengths

- High brand recognition
- High quality standards
- Innovation

Weaknesses

- Dependent on American Market
- Consumer Perceptions
- Frequent Strikes



Market Analysis - Why the Philippines?

- Revenue in the Filipino food market amounts to US\$121 bn in 2022. The market is expected to grow annually by 7.89% (CAGR 2022-2027)
- As of 2021, the total retail sales value of packaged foods amounted to about \$16.24 billion
- Economic growth has resulted in increased urbanization, a growing middle class, & large young population, creating a strong consumer market in the food & grocery industry.
- Consumers in the Philippines spend the most in the area of "Food & non-alcoholic beverages"
- Food consumption habits have changed post Covid as consumers are switching to healthier lifestyles
- Agricultural country so Whole Foods can leverage natural resources as supply
- Filipinos love Western products
- Food is an important part of Filipino culture - Food is so important that they greet each other by saying “Kumain ka na?” -- Have you eaten? – to greet one another.

Market Analysis - Entry Method

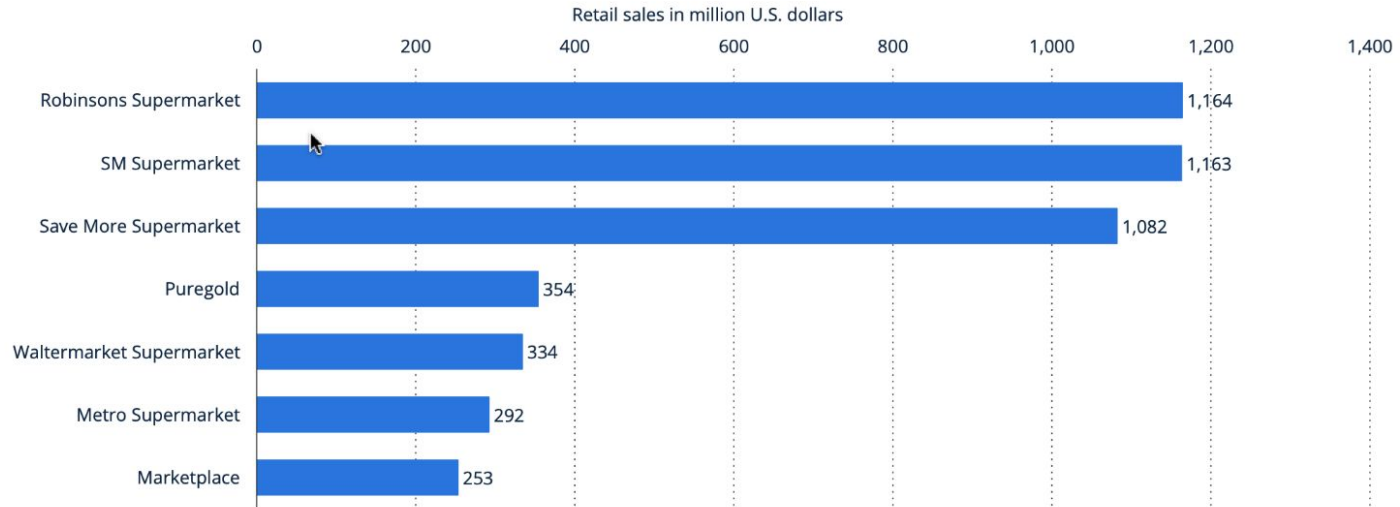
- The best method for entering the Filipino market will be through franchising although Whole Foods is not a franchise in the US, UK or Canada
- But since they have never entered the Asian market, a franchising model will be effective to reduce risks and liabilities, speed up the growth and expansion process, and target customers easily and effectively.



Competitors

Leading supermarkets in the Philippines in 2021, by retail sales (in million U.S. dollars)

Major supermarkets Philippines 2021, by retail sales

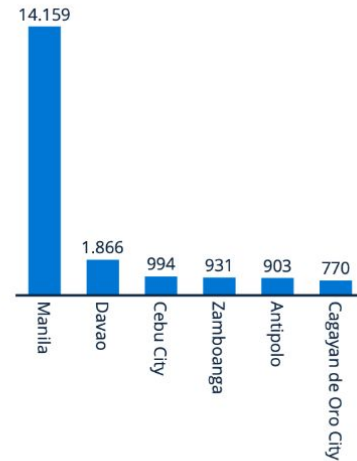


Expanding Whole Foods in Manila, Philippines

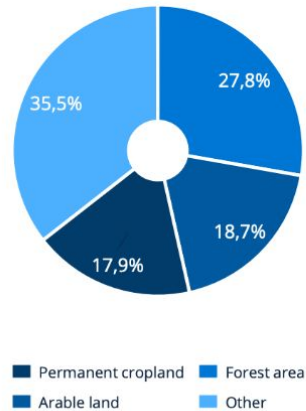
With a population of 14.2 million, Manila is the largest urban area in Philippines

Overview: population

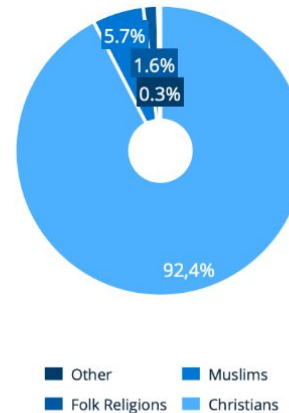
Population in major city in thousand



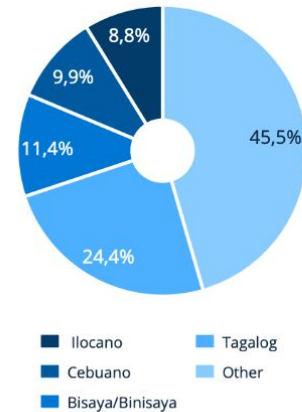
Land use as % of total area



Religious affiliation as % of population



Ethnic groups as % of population



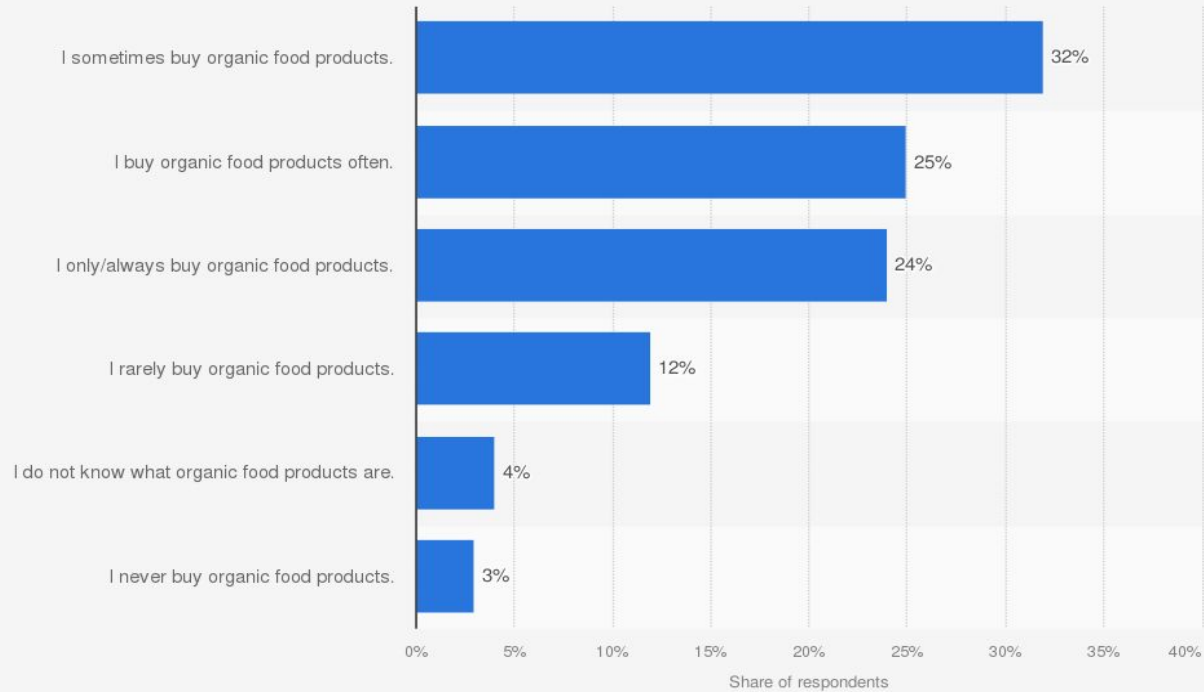
Organic Food Share



Sources: Statista, Statista Global Consumer Survey

Organic Food Purchasing Habits

Frequency of purchasing organic food in the Philippines as of September 2021

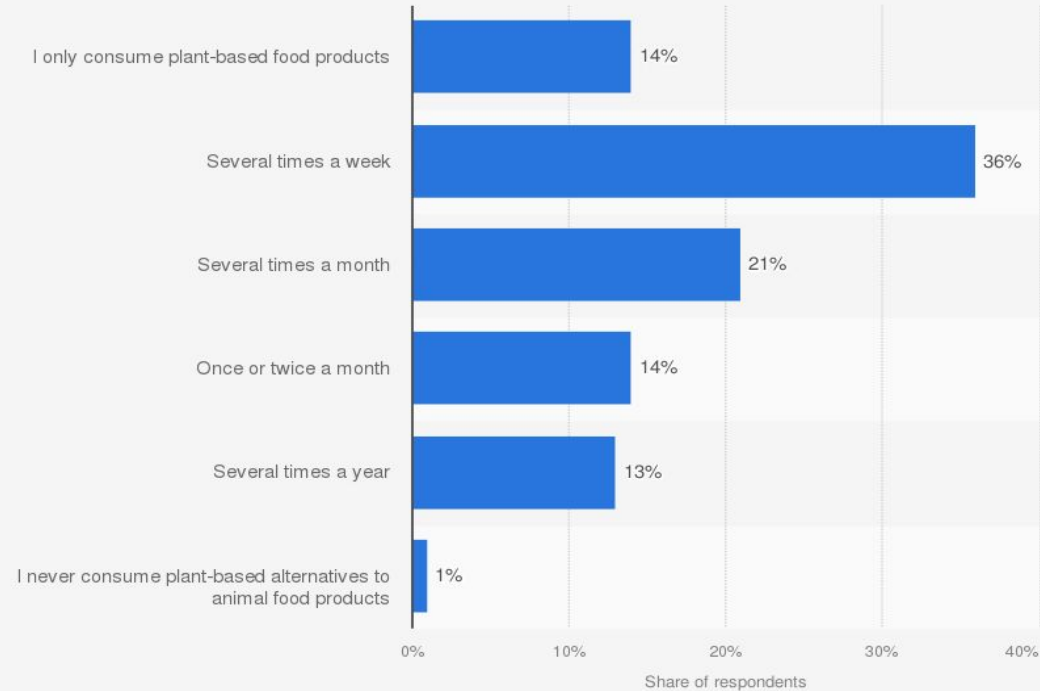


Source
Rakuten Insight
© Statista 2022

Additional Information:
Philippines; September 9 to 30, 2021; 14,859 respondents; 16 years and older; Online survey

Plant-based Food Consumption Habits

Frequency of consuming plant-based food among Filipinos as of November 2021



Source

Rakuten Insight
© Statista 2022

Additional Information:

Philippines; November 11 to 30, 2021; 9,281 respondents; 16 years and older; among female and male respondents; Online

Target Market Analysis



Behavioral

- Convenient
- Product variety
- Food safety and quality



Psychographic

- Attracted by western lifestyle influence
- Eat healthy & seek natural & organic products



Demographic



- Ages 25-50
- Middle-high level incomes
- Educated professionals
- Health conscious

Geographic



- Supermarket
- Convenient store

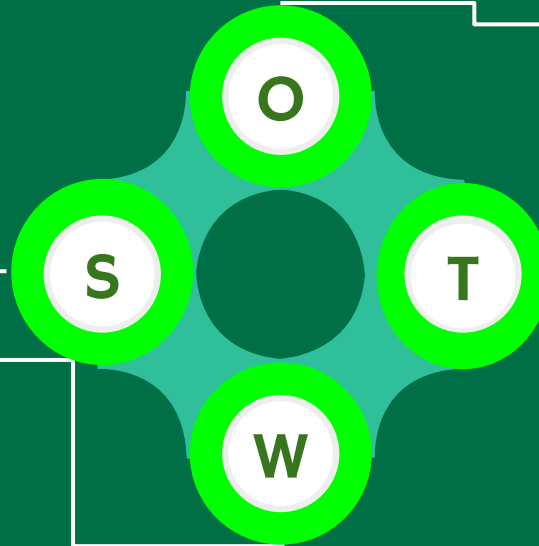
SWOT Analysis - Food & Beverage Retail in Philippines

Strengths

- The soft drinks & alcohol markets are hugely profitable
- Effectively localized

Weaknesses

- Structural problems
- Low per capita incomes & unemployment levels
- Underdeveloped distribution infrastructure
- The OECD has criticism



Opportunities

- Increasing investment with easing of FDI restrictions in foreign retailers
- Increasing consumption levels
- Western influences are strong
- The 'healthification' trend in youth population

Threats

- Competition from other ASEAN markets
- Elevated CPI is expected over Q 1,2,3 of 2023
- Slow development of mass grocery retail in rural areas
- Negative impact of the proposed increase of the sugar tax on the drink industry

PESTEL Analysis - Philippines

Economic

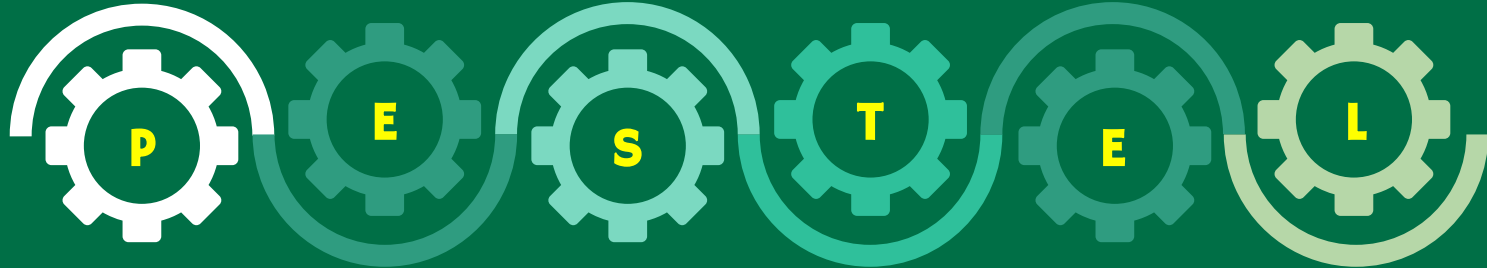
GDP is forecasted to increase by 7.4% from 2021-2026; High concerns about poverty.

Technological

E-commerce booming

Legal

The easing of investment restrictions on foreign retailers in early 2022



Political

High risk of political instability and/or politically-motivated violence

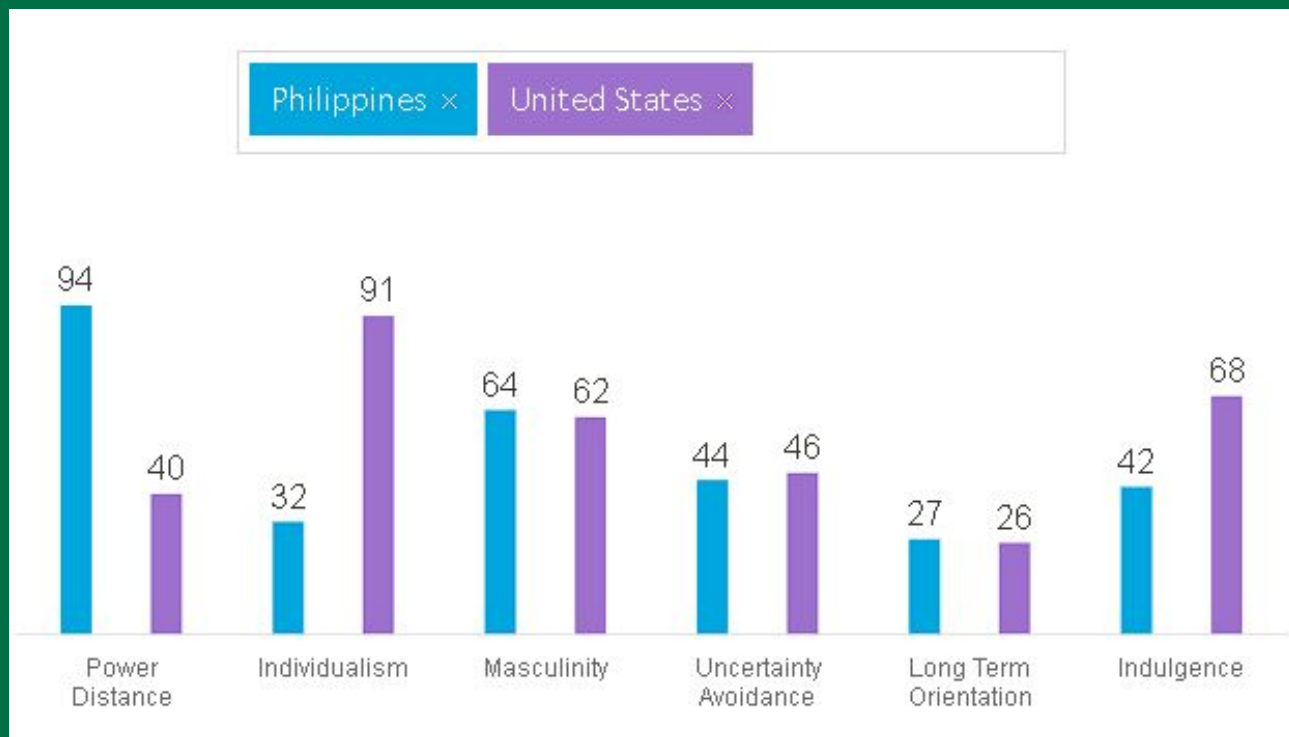
Sociological

110 M in 2021, estimate 119 M in 2027; High level of English proficiency

Environmental

34th highest carbon dioxide emissions in 2020; very high recurrence of extreme weather events

Hofstede Analysis



STP Analysis



Strategy

- Natural and organic foods supermarkets
- A variety selection of natural and organic products



Targeting

- Attracted by western lifestyle influence
- Healthification trend

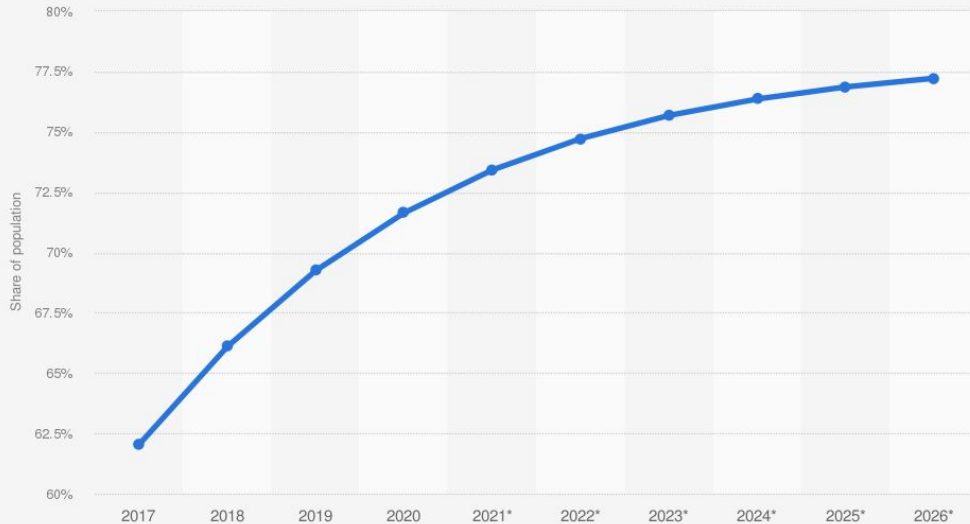


Positioning

- Top natural and organic foods supermarkets with American import goods

Promotional Strategy

Social network user penetration in the Philippines from 2017 to 2020, with forecasts until 2026



Sources
Statista; Statista Digital Market Outlook
© Statista 2022

Additional Information:
Philippines; Statista Digital Market Outlook; 2017 to 2020

- Large portion of the population is active on social media
- Build brand awareness to the local population
- Sell both local and imported products

Promotional Strategy

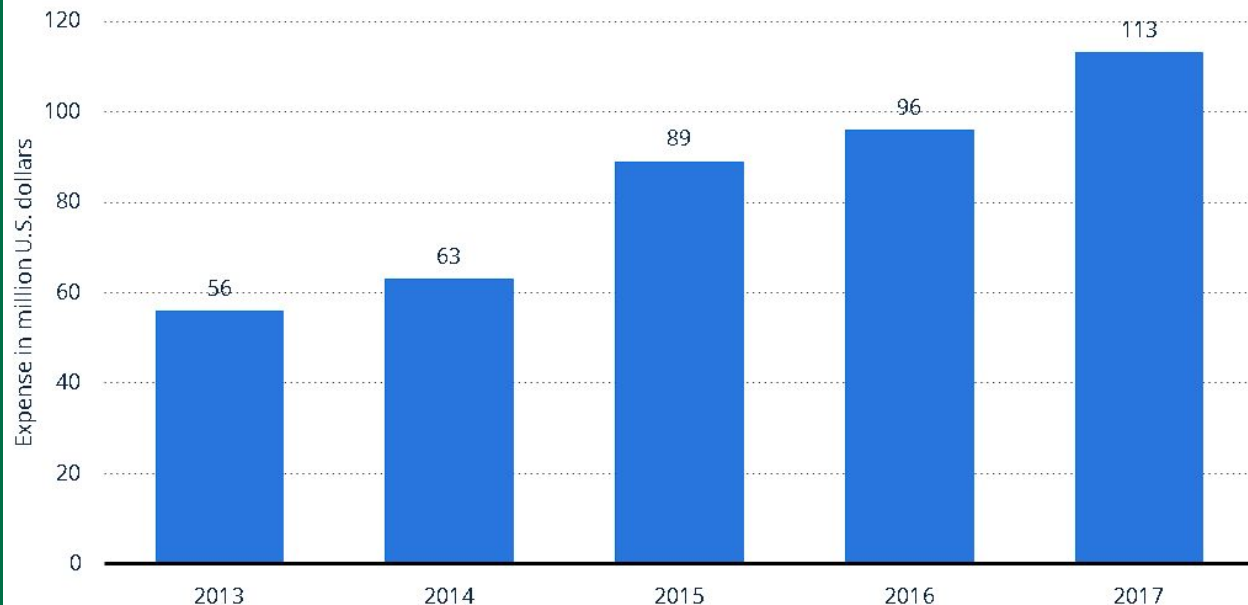
- Social media advertisements
- Commercials that provide both entertainment and information
- Celebrities and social media influencers



Current Expenditure on Marketing

Advertising expense of Whole Foods Market worldwide in the fiscal years 2013 to 2017 (in million U.S. dollars)

Whole Foods Market advertising expense worldwide 2013-2017



Description: The timeline shows the advertising expenditure of Whole Foods Market worldwide from 2013 to 2017. For the 52 weeks ended on September 24, 2017, the total advertising expense of Whole Foods Market amounted to approximately 113 million U.S. dollars. Whole Foods Market is an organic grocery retailer, operating stores in the U.S., Canada and the United Kingdom.

[Read more](#)

Note(s): Worldwide: October 2012 to September 2017

Source(s): Whole Foods Market

Budget: \$12 Million

- In Q2 of 2019, Whole Foods spent about \$18 million in advertising worldwide
- Whole Foods entering Philippines for the first time, \$2 million is a reasonable budget for marketing and advertising
- This budget would be spent on advertising on social media, print, television and radio, and partnerships.
- Whole Foods will have to run a massive marketing campaign to make the potential consumers aware of its value proposition
- Existing players in the market will increase their marketing as well to not lose their market share to whole food.



Budgeting for Marketing for Philippines



Social Media

Whole foods should allocate 40% of its budget to market its business on social media and website ads. It should leverage influencers.

Print



15% of the budget can be spent on advertising via magazines and newspapers.



Partnerships

20% of the budget should be spent on partnership with existing credible and familiar brands to penetrate the market

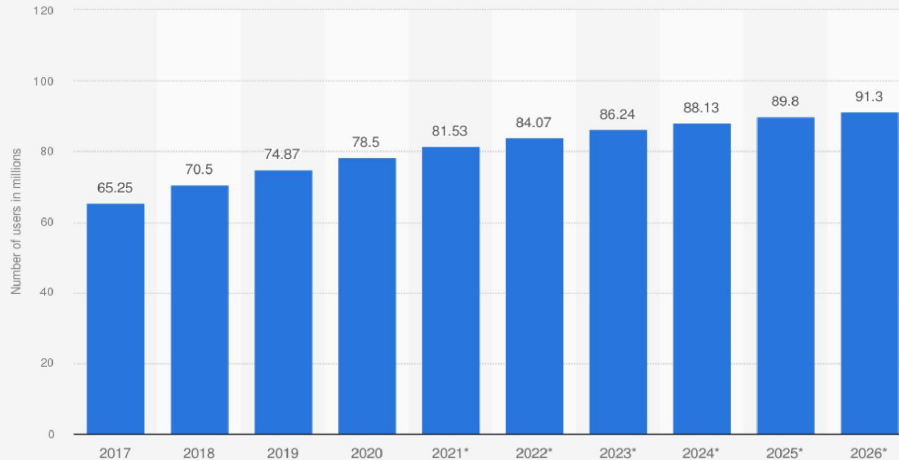
Media



25% budget for advertising via TV commercials and radio.

Promotional Mix Strategy

Number of social media users in the Philippines from 2017 to 2020, with forecasts until 2026 (in millions)



Sources

Statista; Statista Digital Market Outlook
© Statista 2022

Additional Information:

Philippines; Statista Digital Market Outlook; 2017 to 2020

statista

- Philippines is considered as the Social Media Capital of the world.
- They have over 85 million social media users among a population of 105 million people.
- Almost 99% of the people who use social media are on Facebook.
- Scheduling: 1pm-3pm on weekdays; 6pm-9pm on weekends
- Not using direct marketing

Media Vehicle - Social Media Posts

- A lot of users in the Philippines use Facebook along with other famous apps like Instagram and Tiktok
- A social media promotion of this sort can be done in order to reach the large number of users that exist in Philippines

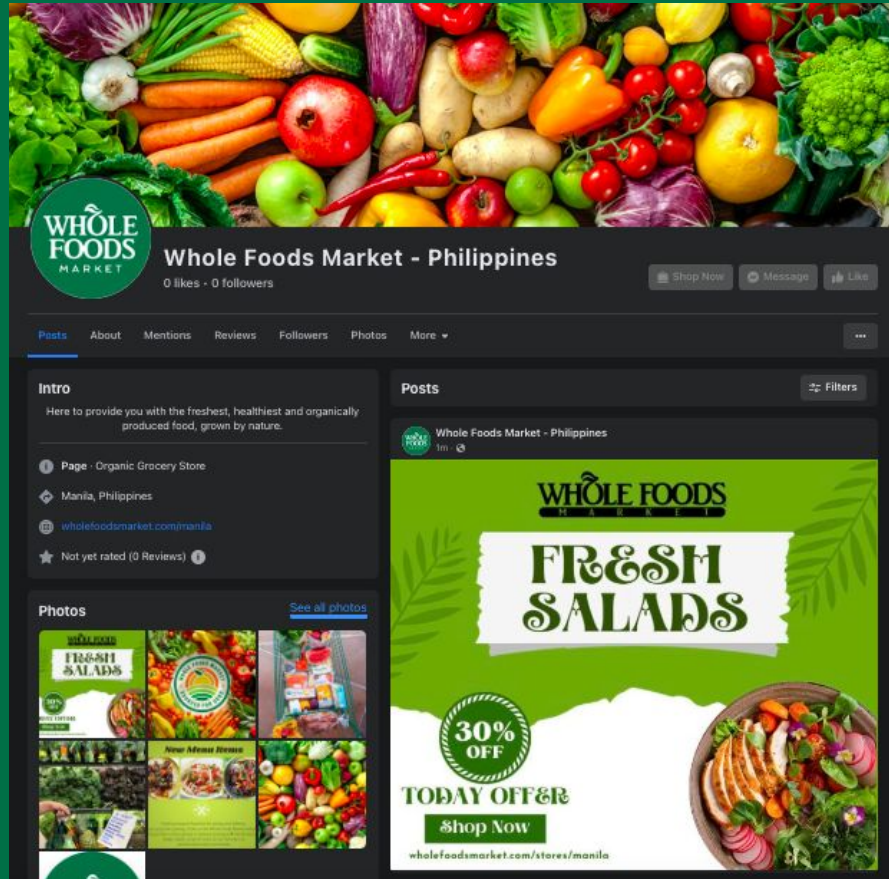


Media Vehicle - Billboard



- Traffic is a big problem in Manila. Billboards are efficient in reaching the target audience
- Natural appeal to emphasize brand identity
- Using images of fruits/vegetables that are familiar to Filipinos
- Tagline : grown by nature, served by nature
- Using a couple to represent gender equality

Media Vehicle - Facebook Profile



Adding Filipino favorites such as Adobo to the menu or selling ingredients for dishes that customers enjoy daily can help attract them to Whole Foods

New Menu Items



Freshly prepared favorites for pickup and delivery. Let us do the cooking. Order on the Whole Foods Market website, choose free in-store pickup or delivery starting at ₱168, Browse rice bowls, salads, soups & more on our full menu at [wholefoodsmarket.com/manila](https://www.wholefoodsmarket.com/manila)

Measuring Effectiveness

- **Monitoring Key Performance Indicators (KPI's) such as:**

- Revenue growth
- Profit margin
- Return on investment
- Client retention rate (users continuing to buy products)
- Customer satisfaction
 - Incorporating customer feedback of the campaign
- Click-through rate (on ads/promotional content)
- Cost per acquisition (compare ROI from different media vehicles & the cost to acquire a customer)

- **Related to the company:**

- Brand awareness & impressions
- Brand association
- Brand understanding (Do customers know what Whole Foods has to offer?)
- Brand preference (over competitors)
- Customer Lifetime Value (total amount of money customer is expected to spend on brand's products)

- **Other:**

- Surveys/interviews with focus groups
- A/B testing (tests two variants of the marketing campaign & implementing the one that performs better)



Conclusion

Marketing Vehicles

Social Media
TV Commercials

Budget

Total: \$12 - 15M

Social Media, Partnerships, Print, Media

Profitable Market

Once the budget is implemented,
marketing strategies can take over
and allow success for the expansion

Customer Loyalty

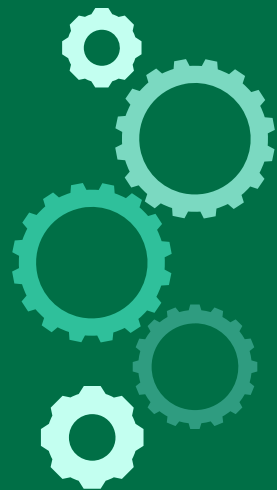
Promotional ideas and strategies
from a structured analysis that
brings new and loyal customers



Thank You!

Any Questions?

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