1. Purpose of the case study: Why was the case study written, what is so important about it, why is it interesting, etc.

**Introduction** - Mihaela

**Talking points**:

* Whole Foods and Wild Oats and the merger/acquisition.
* US antitrust law Violation
* What is natural/organic food? and how/why this market increased
* Whole Foods/ Wild Oats – a bit about each company.

2. Discussion of the case: Analysis of the case (here you can incorporate the answers to the questions if you want)

Priyanka & Xuefei Ding (Oliver)

**Who are the competitors for Whole Foods?**

**Do you consider traditional supermarkets to be competitors for natural and organic supermarkets?**

**Talking points**:

* Wild Oats is the main organic/natural competitor for Whole Foods .The two grocers compete head-to-head in 21 geographic markets
* Types of competition in the supermarket market - more information about it.
* Walmart and others are also trying to introduce more organic products but they can’t necessarily compete with stores like Whole Foods explain why?

Tianzhou Wu

**How would you characterize the competition between Whole Foods and Wild Oats?**

**Talking points: Apurva**

* Whole Foods on Wild Oats- aggressive strategies?

Whole Foods Market uses a **broad differentiation generic strategy** (based on Porter's model). In this generic strategy, the company separates itself from competitors. This separation is achieved through unique features that define Whole Foods Market's output.

* Strategies for maintaining customer share included lowering prices, increasing discounts, and renovating and remodeling existing stores

**What barriers to entry exist for natural and organic supermarkets? If Whole Foods were to raise prices, could entry prevent monopoly power?**

**Talking points:**

**Conclusions/ What is the current status of the firm(s).**

**Talking points:** Yufu Liao

Conclusions:

1. Merge leads Whole Foods to become a dominant firm in the natural and organic food market.

As materials provides, Whole Foods and Wild Oats are the only two natural and organic grocery stores that operate at a national level. The merge will cause the Whole Foods become a dominant firm in the natural and organic food market.

1. High barriers leads to lack of potential and powerful competitions in the future.

Although there are conventional supermarkets want to entry the competitions, the different core customers, different service, different main products make them too difficult to influence Whole Food in a long term.

In dealing with suppliers, Whole Foods was known to set “ground rules” that prevented their suppliers from also selling directly to conventional supermarket like WalMart. The intended result was to force WalMart to purchase goods through distributors, a practice that would likely raise their costs.

1. Cancellation of markets cause definitely geographical monopoly.

As the customers’ habits, the geography influence too much. The merge will cause disappear of other choice of natural and organic food.

Often when stores would open in the same geographic area, the incumbent store would spend considerable time, effort, and money trying to maintain its existing market share. Strategies for maintaining customer share included lowering prices, increasing discounts, and renovating and remodeling existing stores. As an example, Wild Oats planned extensive renovation of its Nashville, TN store in response to a planned opening of a nearby Whole Foods store.

1. The product of whole food is the top level product, which means no available substitutes for customers.

As we all know natural and organic food is the top level food, so that most of customers are willing to buy those products in a high price. These customer are more acceptable to high prices than normal customers. If Whole Foods increase the price, customers will have no available substitutes, and more likely to accept it.

1. The unique culture, service and production of Whole Food increase monopoly power.

As the materials said whole foods provids a wide range of natural and organic products is only part of the success of Whole Foods. As importantly, they offer a premium level of service and selection in their stores. Employees are trained to be knowledgeable and helpful, and the shopping environment is designed to convey an upscale environment.

This service makes Product differentiation which also is reason of monopoly.

What is the current status of the firm(s)

* Whole Foods and FTC Settle Dispute Over Merger of Organic Markets

The Federal Trade Commission announced a settlement with Whole Foods Market Inc. on March 6, 2009, after nearly two years of vigorously disputing the competitive impact of Whole Foods Market Inc.'s acquisition of Wild Oats Market, Inc. The settlement will substantially restore competition allegedly eliminated by Whole Foods' 2007 acquisition of Wild Oats and resolves the antitrust regulator's charges that the acquisition violated federal antitrust laws.

* Denied the preliminary injunction, concluding that the merger’s likely effect would not be substantially to reduce competition in violation of Section 7 of the Clayton Act.