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BUYING AND MERCHANDISING OPERATIONS RESEARCH EVENT

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I. EXECUTIVE SUMMARY

DESCRIPTION OF COMPANY

Fresh Thyme, in Northville, Michigan, is a health foods store dedicated to providing high-quality foods to the Northville, Novi, and Livonia communities. They serve a population of approximately 25,000 residents in a two-mile radius of the store. The Northville grocery market is a part of the larger Fresh Thyme chain, currently expanding in the American Mid-West. The company prides itself on gluten-free, vegan, vegetarian, paleo, and ketogenic diet-friendly options.

PROBLEM

Although the company is highly successful, with annual revenue of $254.3M, the company is severely lacking in its technological evolution since its inception of the company. Customers oftentimes complain about the company's products not being easily accessible on online platforms, while the majority are completely unaware of the online options that the company offers for purchase. Furthermore, the brand likely struggles in brand loyalty due to the high number of competitors in the health-food industry in South-Eastern Michigan.

Research Goal: Identify current short-comings in Fresh Thyme's products and analyze the company's utilization of technology as a method of maintaining consumer hyper-personalization.

Primary Demographic
Millennials and Generation Z
(18-25 Years Old)

Secondary Demographic
Senior Citizens
(65+ Years of Age)

METHODS OF RESEARCH

General Manager + Employee Interviews	Observation
• Set up and conducted interviews with two Fresh Thyme General Managers with pre-determined questions • Conducted employee interviews with four staff members to assess current business practices	• Spent hours in Fresh Thyme facilities monitoring and observing consumer activities and trends
Consumer Interviews	**Technological Platforms**
• Used a sample size of 30 customers and interviewed them in person to asses user satisfaction, technological exposure with Fresh Thyme platforms, etc.	• Conducted online research on competitor activities • Assessed current Fresh Thyme app reviews, online reviews, methods of revenue generation, etc.

RESEARCH FINDINGS AND ANALYSIS

After thoroughly conducting the primary and secondary research, various findings regarding consumer concerns were developed. These findings built up to conclusions and objectives to guide our strategic plan designed to enhance the privacy and hyper-personalized consumer diets of Fresh Thyme's operations. The following analysis demonstrates the evident opportunity for improvement in the company's offerings of customer experience, while the objectives develop foundation principles for the strategic plan's initiatives.

PRIMARY CONSUMER CONCERNS / CONCLUSIONS

- Not as organized and want more filtration to specify ingredients contained in certain products
- Employees provide limited, surface-level responses to consumer inquiries
- Want diversity within product selection, especially due to dietary restrictions and lifestyle needs
- Challenging to find products most personalized and specific to customer
- Lack of options for consumers to engage with the company online

PROGRAM OBJECTIVES

F Find new avenues to predict upcoming consumer product-demand

R Reduce employee error and provide them resources to personalize consumer experiences

E Engage consumers through digital platforms

S Simplify consumer decision making through the usage of effective personalized marketing

H Help Fresh Thyme gain a competitive edge in pricing strategies

PROPOSED STRATEGIC PLAN

Freshly | Artificial Intelligence Powered Consumer Recommendations
- How is AI Powered?: After a consumer makes in-app purchases and adds products to their grocery "cart", artificial intelligence will analyze the products currently being ordered and provide product recommendations that fulfill daily vitamin requirements for a healthy diet while providing detailed product nutrient information. Using Content-Based Image Retrieval software, customers can also use keywords to identify products that they don't have committed to memory.
- Initiative Description / Purpose: The Fresh Thyme App is currently severely underutilized and has poor reviews on the app store. The launch of the new Freshly App would allow consumers to make online grocery purchases while creating a nutritious lifestyle and diet for them to consistently follow. Consumers are also required to join the loyalty program for access to this app, which increases the likelihood of returning clients to Fresh Thyme.

MyFitnessPal Partnership with Fresh Thyme
- Given the overlapping demographics between MyFitnessPal and Fresh Thyme, there is a large opportunity to identify products that consumers would find appealing at Fresh Thyme. Through the MyFitnessPal app, users are able to enter the products they consume on a daily basis. Data from MyFitnessPal, when provided to Fresh Thyme, can allow Fresh Thyme to make more informed decisions when choosing what products to restock on their shelves. This is performed with artificial intelligence using demand-forecasting models and can be used for inventory management and product diversification.
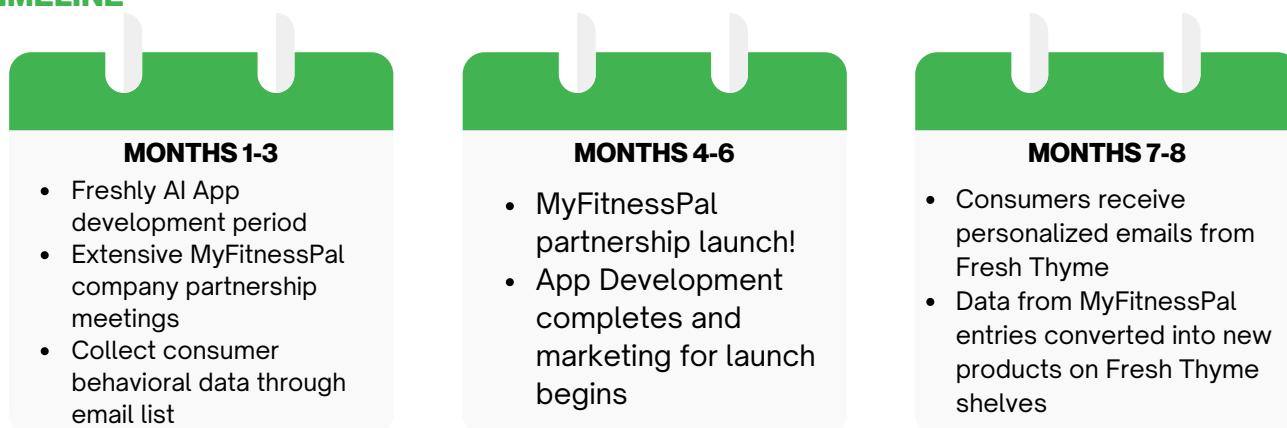
Target Marketing
- By using artificial intelligence, we can create market segments based on consumer behavioral thinking patterns. This way, each consumer will receive a unique email that has a higher likelihood of them clicking on the link to visit our website and make a purchase.
- A primary method by which consumers receive marketing information from a company is through their email. Making sure these emails are personalized to fit their preferences is the utmost priority in our campaign

**Employee Training Programs**
- Every three to four months, employees can be required to attend training meetings and receive a certain passing rate on modules that demonstrate their knowledge of the various nutrients, vitamins, and minerals that Fresh Thyme's products contain. In addition, through AI-driven image classification and image segmentation, ingredients and close-up details of what products can look like will be included within a large database on the "ExpertVoice" educational platform to instill confidence in employees when offering the most hyper-personalized service to customers.

TIMELINE

MONTHS 1-3
- Freshly AI App development period
- Extensive MyFitnessPal company partnership meetings
- Collect consumer behavioral data through email list

MONTHS 4-6
- MyFitnessPal partnership launch!
- App Development completes and marketing for launch begins

MONTHS 7-8
- Consumers receive personalized emails from Fresh Thyme
- Data from MyFitnessPal entries converted into new products on Fresh Thyme shelves

PROPOSED BUDGET & COST DISTRIBUTION

Freshly AI App	$253,595.00
In Store Employee Training / Customer Service Costs	$8,190.00
Target Marketing Costs	$70,000.00
MyFitnessPal x FreshThyme Partnership Costs	$113,797.50
Dynamic Pricing Costs	$50,000.00
Maintanance Costs for All AI Programs	$50,000.00
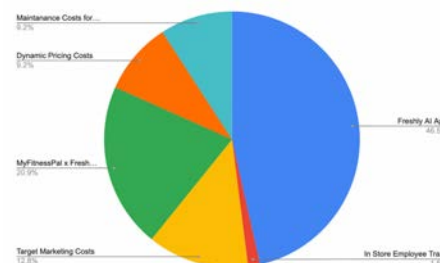
PROPOSED ROI

$$\frac{Estimated\ Net\ Profit}{Cost\ of\ Investment} \times 100 = \frac{\$870,000 - \$545,582.50}{\$545,582.50} \times 100 = 59.5\%$$

II. INTRODUCTION

A. DESCRIPTION OF THE BUSINESS OR ORGANIZATION

Founded in 2012, Fresh Thyme Market is a specialty health goods store dedicated to providing customers with quality food at the most affordable price. Since its creation, the company has expanded to over 77 stores across the American Midwest in 10 states (Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin). The company prides itself on its customer-first mindset, providing an assortment of healthy vegan, gluten-free, vegetarian, and other options for its consumer base. Furthermore, they source their produce, meat, grocery, and wellness products from local manufacturers and farmers. This is to provide customers the opportunity to support local businesses while purchasing food that is "grown closer to them."

Figure 2.1: Fresh Thyme operates in 10 States across the United States.

What sets Fresh Thyme apart from other large conglomerate grocery chains is its emphasis on healthy living. Fresh Thyme's sister brand, Natural Living, is aimed at providing customers with sustainable, safe products for their lifestyles, including locally sourced vitamins, body care, and general merchandise. Unlike other competitors, as stated by Chris Sherrell (CEO), Fresh Thyme wants to introduce the organic, natural lifestyle to the Midwest without the high price tags and intimidation of shopping at health-food stores.

However, as companies similar to Fresh Thyme begin to emerge in the Metro-Detroit area, also prioritizing healthy eating and healthy lifestyle choices, the company is beginning to fall behind as a forefront-running company in the sector. Consumer loyalty is bound to decrease due to the rapid increase in competition, and other companies with more consumer-oriented benefits, are becoming increasingly threatening to the future of the company. So, the company must develop a strategy to gain back consumer loyalty, increase its market share for the health-foods industry in the American midwest, and adapt to changing consumer preferences.

Company Ownership: Fresh Thyme is a privately owned company backed by Meijer: Another midwest-based grocery-store market specializing in general grocery retail at affordable prices.

B. DESCRIPTION OF TARGET MARKET

Determining a target market allows the business to determine potential clients interested in the products offered, increasing the efficiency and rate of sales. This way, the company is narrowing its marketing scope, while also increasing consumer loyalty, interaction, and satisfaction.

Primary Target Market:
Influenced by the nation's need for organic and safer foods, Fresh Thyme has chosen to target younger individuals who are entering their adulting years, ranging from ages 18-28.

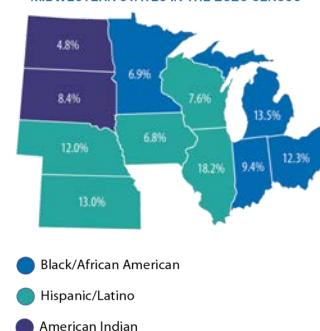SECOND LARGEST RACIAL/ETHNIC GROUP IN MIDWESTERN STATES IN THE 2020 CENSUS*

- Black/African American
- Hispanic/Latino
- American Indian

Figure 2.2: Primary ethnic demographics within the Midwest region.

Racial Demographics:
Fresh Thyme's primary target market includes Generation Z and Millennials, specifically the ages between 18 and 28. Of Fresh Thyme customers, 68% are Caucasian, 7% are African American, 16% are Asian, and 9% are Hispanic/Latino. In the American Mid-West, the consumer base for Fresh Thyme Farmers Market, there has been an increase of diverse minority populations, specific to Hispanic, American Indian, and African American populations. Fresh Thyme must be able to adapt to the changing racial demographics in the region to cater to consumer preferences.
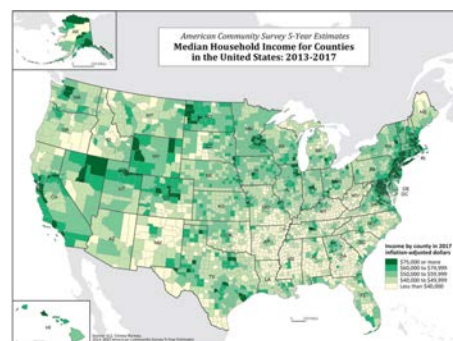

Figure 2.3: Economic demographics/household income per state within the U.S.

- **American Midwest Economic Demographic:** Minimum and maximum household incomes for cities where Fresh Thyme is located
  - Lowest income-earning city range: $6,200-12,300
  - Highest income-earning city range: $145,000-172,000
  - Fresh Thyme evidently caters to all household incomes, providing its services to a wide variety of locations within the nation

- **Psychographics:** Fresh Thyme typically targets individuals looking to consume organic foods. Primarily, they are looking for those starting a more healthy lifestyle for themselves. The individual could be taking care of dietary concerns, providing healthier options for their family, or simply striving to practice a nutritious diet.

- **Secondary Target Market:** The secondary target market for Fresh Thyme is seniors, ranging from ages 60-80. As one gets older, one often have to deal with more dietary restrictions and concerns. Following Fresh Thyme's organic plan, they can pick their most favorable products under the comfort that their food is healthy, and not genetically modified.

C. OVERVIEW OF THE BUSINESS OR ORGANIZATION'S DATA COLLECTION PRACTICES

The Fresh Thyme Market currently has implemented a variety of data collection practices to better understand how to best personalize the consumer experience. Email messaging coupons, MyThyme, and postal mailers through diverse promotional programs support Fresh Thyme's data. Adopting policies that govern their collection and use of consumer information, they feel accountable to ensure compliance. Within the business's web server, whenever a customer visits their site, it collects their domain name, IP address, computer's operating system, browser type, the address of the web page, and the past pages/sections that they have visited within the site. Storing this data, they customize the content to be more personalized to the user. Through information provided to enter sweepstakes, in-store transactions, and consumer surveys, email addresses are typically collected to communicate via email with newsletters and direct inquiries. Mobile numbers are also inputted when signing up for promotional programs. This information is never required but encouraged to gain richer opportunities through Fresh Thyme's discounts and items. With the use of third-party service providers, consumers receive personalized Fresh Thyme ads on various internet sites. The company often discloses private consumer and transactional information with its third-party partners who advertise for them. This way, they can deliver personalized advertisements that align with any interests the consumer may have.

III. RESEARCH METHODS USED IN THE STUDY

Research Objective

> Identify current shortcomings in Fresh Thyme's products and analyze the company's utilization of technology as a method of maintaining consumer hyper-personalization.

A. DESCRIPTION AND RATIONALE OF RESEARCH METHODOLOGIES SELECTED TO CONDUCT THE RESEARCH STUDY

To better understand how to implement the strategies of hyper-personalization into Fresh Thyme's service, background research provides a foundation of knowledge. With both primary and secondary research, various interviews were conducted to address consumer concerns and to enhance the company's current approaches.

Figure 3.1: Local Fresh Thyme District Managers

PRIMARY RESEARCH

Interview with the Two District Managers: The interview with both the district managers, Jared and Ben, was performed to understand the standard consumer and employee experience from the perspective of higher management. We were also able to learn more about the passions, interests, and goals of Fresh Thyme's levels of employment.

Interview with the Employees: The interview with the employees was conducted to understand the training programs that Fresh Thyme offers its workforce. We were able to better understand the knowledge that the employees proceed with when being inquired about the fats, sugars, proteins, etc., of a product. We also received their input on how they approach questions regarding personalized dietary plans.

In-Person Observations: In-person observations were conducted to analyze Fresh Thyme's everyday business operations. From an outside perspective, we were able to observe the various interactions among the employees, managers, and customers. This provided us with additional insight on the behaviors, responses, and reactions of the individuals working and shopping at Fresh Thyme.

Customer Surveys: The purpose of the customer survey was to gather information regarding the experience of individuals who are running a quick shopping errand at the farmer's market. We were able to receive quantitative data that provided us with solutions regarding hyper-personalization. The input received from the client responses provided us with guidance and a greater perspective of the approaches of Fresh Thyme.

SECONDARY RESEARCH

Online Competition Research: With external research of the other businesses in the same market, we analyzed how Fresh Thyme's employee, manager, and consumer experience differs from the others in the same environment. Several characteristics and business operations comparisons set this business apart from the other farmer's markets in the community.

Online Reviews: We analyzed the online reviews of various Fresh Thyme branches within our region. By understanding the various opinions and ratings, we interpreted the shortcomings of Fresh Thyme in their app development, store experience for consumers, etc.

Online Articles/Newspapers: Digital article research was conducted to provide greater insight into Fresh Thyme's current hyper-personalization strategies and implementations. These resources helped us identify how consumers feel about their data on the internet.

B. PROCESS USED TO CONDUCT THE SELECTED RESEARCH METHODS

Method of Research	Date Conducted	Process Used
Interview with Store Manager (2)	**October 4, 2022**	• In Early October, our team reached out to a local Fresh Thyme Market Branch in Northville, Michigan requesting interviews with branch managers and branch employees. We scheduled a time to talk to each manager one-on-one. • Created a question list to effectively gather data from General Managers, including free-responses questions • Audio-recorded interviews with verbal permission for extracting quotes and re-visiting interviews at a later time.
Employee Interviews (5)	**October 4, 2022**	• Created a questionnaire for employees to answer questions when asked verbally by our researching team in person at Fresh Thyme, Northville • Asked for thoughts on employee experience, company information expertise, etc • Conducted on October 4th • Audio-recorded interviews with verbal permission for extracting quotes and re-visiting interviews at a later time.

Method of Research	Date Conducted	Process Used
Competitor Research	**October - November 2022**	• After a thorough analyzation of the various operations of Fresh Thyme, our team compared our chosen business with its competitors. • Clear distinctions were made.
Customer Interviews (30)	**October 4, 2022**	• Created a series of questions to ask customers about their thoughts on meal prep, dietary options at Fresh Thyme, etc • Instructions for filling out the survey were provided orally to consumers, they were informed that the survey will be fully anonymous and should only take a minute or two to complete. • Ratings were made on a scale of 1 - 10, with one being highly unsatisfied and ten representing high satisfaction levels. • Data will be analyzed to generate consumer-oriented solutions to pre-existing problems.
Competitor Research	**October - November 2022**	• After a thorough analyzation of the various operations of Fresh Thyme, our team compared our chosen business with its competitors. • Clear distinctions were made.

Fresh Thyme General Managers:
Jared & Ben (Fresh Thyme of Northville)

*After speaking to General Managers, our team found that while employees do have access to Fresh Thyme sponsored resources such as Expert Voice (online modules with information on how to better navigate consumer questions and concerns), employees are not permitted to provide medical-related advice to customers. For example, if a customer were to ask whether the consumption of a certain product will aid them with weight loss, employees are directed to divert a consumer to a **Natural Living** expert to answer it.*

100% of Fresh Thyme employees and managers agree that an increased nutritional and dietary training plan will have a positive correlation to consumer satisfaction.

IV. FINDINGS AND CONCLUSIONS OF THE STUDY

A. FINDINGS OF THE RESEARCH STUDY

After conducting several interviews with employees at Fresh Thyme, we analyzed their primary issues of being able to provide the most quality service to their customers.

Employee #1: I feel like the more training that is involved, the better outcome. The more knowledge that we can get, the better.... [ ]... If I were asked about the nutrition for a product, I guess I would just look at the package, read the back of it, and say whatever the package says.
Employee #2: It would be nice for Fresh Thyme to educate their employees a little bit so employees can share the knowledge with customers.
Employee #3: I would like to get that additional training, sure. But I also wouldn't want to overstep my boundaries for something that could backfire. I am not aware of the legal repercussions of providing that advice to the customer and then it has a negative side effect.

CONSUMER RESEARCH FINDINGS

What questions were customers asked?
- How familiar are you with the Fresh Thyme App or Website as a way of purchasing products?
- Fo you feel that Fresh Thyme's product collection does a sufficient job meeting your dietary needs?
- Would you want a personalized meal plan through Fresh Thyme to help achieve your health-related goals?
- How would you compare Fresh Thyme's App to other leading grocery store brands?
- How familiar are you with the Fresh Thyme website to browse their collection of nutritional foods?
- How much do you trust online websites to safely store your personal information?

1 **Do you feel that there is a wide variety among the products offered at Fresh Thyme?**
- "I feel like the store does not have foods for dietary restrictions."
- "There are barely any gluten free options and items with less calories."
- "It's so challenging too because a lot of the products have food coloring and I personally don't want to consume that."
- "Filtration and options are important for me."

2 **Are Fresh Thyme employees useful in directing you to personalized options that best fit your dietary restrictions and goals?**
- "The employees are definitely nice people. They just don't seem extremely confident in their answers."
- "They are informed. But they always read off of the label. I feel like that is something I can just do by myself."
- "Definitely not as knowledgeable to be assisting with personal health questions."
- "Everytime I ask questions, I find that they just use Google. Seem like service I can't provide myself and isn't very reassuring."

3   **How would you compare Fresh Thyme's App to other leading grocery store brands?**
- "App? I didn't even know they had one. I guess I'll have to check it out."
- "Honestly, I tried it out and didn't like it much. It's tough to use, doesn't give me many features, and I'd rather use the Kroger app for shopping because it's so much more convenient."

4   **Are you a Fresh Thyme rewards member? Are you aware of Fresh Thyme's website and online services?**
- Yes; Around 60% of the customers are rewards members.
- "I haven't explored their website much, but so many stores like Whole Foods are marketing online their products online. I didn't even know Fresh Thyme had an option to purchase online."

5   **Do you have confidence in the resources that Fresh Thyme provides for your inquiries?**
- "Just because the employees tend to read directly off of the labels, I don't know if their answers are even that reliable."
- "I could definitely just google my questions, but I want advice personalized towards my body and what it needs."

ONLINE RESEARCH FINDINGS

Competitor Research:

According to our team's competitor research, many of these businesses lack the organic component. Fresh Thyme is able to differentiate itself within this market as they only sell fresh foods. Their competitors tend to focus on selling cheaper but also genetically-modified products. Aside from local farmer markets, Fresh Thyme has become more accessible across the nation.

Online Fresh Thyme Reviews:

According to online review platforms, many consumers appreciate the cleanliness and organization of the store. They also like how it's all organic and fresh, providing the greatest amount of nutrients, vitamins, and minerals within each item. Based on our team's analysis, many consumers also wish that there was better assistance to answer questions about their personal body.

Online Fresh Thyme App Review:

"What a total flop and reflects poorly on what I've otherwise felt was a good healthy food retail operation. I'm very disappointed Fresh Thyme."

"I just updated my app to the newest version and I'm so incredibly disappointed. While I do not believe that the previous version was a very good user experience I cannot believe how much worse it is now."

★★☆☆☆

1.9 *out of 5*

Figure 4.1: Grocery Store App Ratings

Research on Fresh Thyme's Current Technology Usage:
Similar to many companies in the consumer produce and grocery market, Fresh Thyme has released an app open to IOS and Android users as a way to engage with company products, shop online, etc. However, based on reviews on the app store, the app is 60% more critically reviewed than other competitors, coming in at a 1.9/5 starred average rating with a sample size of approximately 400 users. Consumers are hesitant and unwilling to use the Fresh Thyme App to conduct their purchases, leaving them to resort to third-party vendors such as Insta-cart to fulfill online orders.

B. CONCLUSIONS BASED ON THE FINDINGS

SWOT ANALYSIS

Strengths		Weaknesses	
S	• **Credible Brand Image** • **Distribution Network** • **Commision Structure** • **Unique Ambience**	**W**	• **Training Courses** • **Assistance to Customers** • **Outdated online revenue channels** • **Lack of Product Innovation**
Opportunities		Threats	
O	• **Consumer Hyper-personalization** • **App Improvement/Investment** • **Profitability**	**T**	• **Government Privacy Regulations** • **Competition Consumer Discounts**

According to the findings above, an analysis was concluded to determine the underlying themes, causes, and opportunities for improvements. The conclusions listed highlight current hyper-personalization issues, affecting the Fresh Thyme customer experience

BY THE NUMBERS: EMPLOYEE AND GENERAL MANAGER CONDUCTED INTERVIEWS

96%
Percent of employees feel that they could be better trained to help consumers

73%
Percent of employees are hesitant to provide advice to consumers about their personal health

35%
Percent of employees feel confident that they can provide information on calories, fats, sugars, etc to customers

60%
Percent of surveyed consumers are part of the Fresh Thyme Rewards Program

10%
Percent of surveyed consumers have engaged with the Fresh Thyme Website / Mobile App

60%
Percent of a surveyed group feel that better usage of technology offerings could improve shopping experiences

V. PROPOSED STRATEGIC PLAN

A. OBJECTIVES AND RATIONALE OF THE PROPOSED STRATEGIC PLAN

F — **Objective One:** Give consumers the products they want. Fresh Thyme will identify a method to pre-determine consumer thinking patterns and analyze products needed on shelves in the upcoming months.

R — **Objective Two:** Provide employees an opportunity to personalize the consumer's experience from the minute they walk into the store. Employees must be offered more resources to aid consumers in finding the products they need.

E — **Objective Three:** Improve consumer engagement with Fresh Thyme on digital platforms. Data shows that Fresh Thyme consumers are not satisfied with the Fresh Thyme app due to a lack of diverse services and low engagement site rates.

S — **Objective Four:** Make consumers feel valued by providing them with a hyper-personalized experience before they step foot in the store. Use effective marketing tactics to aid the consumer decision-making process and help them find products they are interested in.

H — **Objective Five:** Better Fresh Thyme's services by providing a competitive edge against other local grocery store chains through effective pricing and operational strategies via market research.

B. PROPOSED ACTIVITIES AND TIMELINES

Fresh Thyme X MyFitnessPal Proposed Partnership

Objective: Include a greater variety of products at Fresh Thyme stores that consumers want.

Plan Description: MyFitnessPal is an app available to Android and IOS devices with over 200 million users worldwide allowing people to track calories, monitor progress toward weight-management goals, and connect with other people on a similar journey. Every day, users can log their food intake into the app and monitor the number of calories they have consumed which is then broken down into fat, sugars, and carbohydrates. The app then allows users to track their progress over time to see a positive correlation between healthy eating, better lifestyle choices, and body image improvement. The mission of MyFitnessPal and Fresh Thyme is fairly similar, allowing lots of flexibility in a potential partnership between both companies.

Quarterly, MyFitnessPal can provide Fresh Thyme with a report on what foods are most commonly inputted by consumers and where Fresh Thyme stores are available in near proximity. This allows the company to make more conscious decisions on what product selections they incorporate into their store variety. Consumers are more likely to purchase goods that they already have had a positive experience with, so if they have a certain preference, it is important that Fresh Thyme can take that into account when they restock inventories.

Step One: MyFitnessPal users enter food items as part of their daily diet on the app, indicating consumer product preferences in the health foods market.

Step Two: Data entered into the app is aggregated across all app users and results on what products are most beneficial are reported to Fresh Thyme. Using AI-driven demand forecasting in supply chain management can allow for a better determination of products that will be successful in Fresh Thyme stores based on what MyFitnessPal users entered into the app. New patterns in consumer thought processes and decision-making are identified and results are based on short/long-term predictions.

Step Three: Using the results of the demand forecasting, Fresh Thyme will improve its inventory management while saving warehousing and administration costs. Increased sales, higher consumer satisfaction, and more personalized product selections are all associated benefits.

In-Store Employee Customer Service / Training

Objective: Have a quick resource available to get assistance on product recommendations.

Plan Description: Currently Fresh Thyme utilizes a service known as "ExpertVoice" and offers it as an educational platform for its employees. Employees have to consistently take tests and watch videos regarding the various nutrients, vitamins, and minerals that Fresh Thyme products contain.

According to our primary interviews, all the employees explained that they often only reference the nutrition labels and Google searches, to answer consumer needs. With ExpertVoice covering more information on dietary health benefits, harms, etc., the employees can answer inquiries with the best knowledge at hand. For example, if an in-store employee were to be asked about losing weight and following a vegan or keto diet, instead of referencing the direct sources, they can provide recommendations based on their prior/learned knowledge.
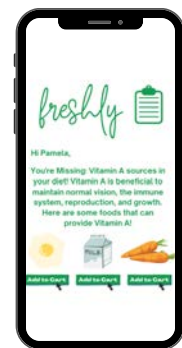
Through Artificial Intelligence Machine Learning platforms, Fresh Thyme must enhance its ExpertVoice training program by implementing deep learning services. Optimum performance can be achieved through computer vision services within the program. Image classification offers accurate and detailed images of products and ingredients for employees to develop the strongest understanding of their services; With a variety of automated images from visual search to visual databases to Fresh Thyme's supply overview, employees can have quick access and information to the items that they sell. Similarly, image segmentation can be incorporated to work towards the depth of employee knowledge through computer vision and digital images. The program's algorithms would be uniquely crafted with semantic and instance segmentation. This way, employees can further obtain richer content on their products, providing personalized responses to consumer inquiries through the ExpertVoice Platform.

Freshly · AI Powered Meal Recommendations

Plan Description: As we move towards the future, it is more and more important for Fresh Thyme to develop initiatives that are powered by artificial intelligence. So, to better fit the wants of customers and provide them with product recommendations that are personalized to their needs, Fresh Thyme will be launching a Mobile app that allows consumers to create their virtual list of products for a certain week while being advised on foods and products that may be better for their health and obtain nutrients that they need.

Current data shows that 58% of consumers shop at stores whose loyalty programs they've joined at least once per month.

Here's how the App Works: Consumers become eligible to participate in this complimentary program by having a MyFreshThymeRewards program set up with their local branch. Then, they are advised to set up an account and input simple medical information such as their dietary goals, restrictions are allergies, food preferences, name, and date of birth. On weekly basis, fresh thyme customers will receive a text notification to their preferred phone number with a reminder to set up their list for the week and order the goods online. When they go to the app to fill up their cart, the app will provide accurate advice on vitamins and food groups that their cart may be missing. However, the app will not encourage strict dieting and calorie counting. It will only provide recommendations for unaccounted-for food groups in a consumer's diet to promote healthy living.

Content-Based Image Retrieval (CBIR) Artificial Intelligence Service: Oftentimes, consumers who are looking for a specific problem are unable to identify it because rather than knowing the name of what they are looking for, they only remember physical descriptions (ie. purple bottle, 100 capsules, organic, etc). So, using CBIR, artificial intelligence can take certain keywords entered by a user and compare them to a data set of thousands of products. That way, a consumer can retrieve the item they are looking for without the hassle.

> **"Before I input my information anywhere, I need to make sure it is in the right hands"** - **Anonymous Focus Group Member**

How will we ensure that recommendations are accurate? One of the primary risks faced by product manufacturers and companies is the spread of misinformation about a product and the benefits that it may provide. Therefore, all recommendations will be dietitian approved.

How will Fresh Thyme ensure that consumer data remains secure? Data security will remain at the forefront of Fresh Thyme's initiative Roll out and development. To ensure that all medical information is secured and to prevent potential misuse, consumers will be displayed with a privacy policy and the developed software will be HIPAA compliant. HIPAA compliance is required for use in the medical field to ensure that consumer data is not reviewed by someone who shouldn't have access to it.

Targeted Marketing - Email Marketing

Market Segmentation using Artificial Intelligence:
The Twenty-first century has created endless possibilities for large corporations to diversify their marketing efforts. For example, using artificial intelligence, Fresh Thyme can make its marketing strategies more effective and increase its return on investment in marketing. A great way for the company to approach marketing is through segmentation. Recently, four different types of segmentation have emerged as effective means to market to consumers: demographic segmentation, geographic segmentation, behavioral segmentation, and graphic segmentation.

By creating personalized ads, Fresh Thyme can make its products more appealing to specific groups of individuals, thus increasing their likelihood of making a purchase. The food industry primarily segments its target audience based on age, income, and food behavioral patterns. For example, in high-income areas where Fresh Thyme operates, ads for luxury goods and organic products may attract consumers and increase their likelihood of visiting one of the stores. In contrast, in low-income areas, budget meals and value packs might be more effective in driving sales.

One example of behavior-based segmentation is the preference for "Beyond Meat" burgers among younger demographics with the rise of vegan eating culture, compared to alternative meat options that are favored by older age groups.

USING AI CREATED SEGMENTATION TO ENHANCE EMAIL MARKETING

After collecting consumer data and segmenting it into behavioral preferences and segments using artificial intelligence, it's time for the fresh strategy team to effectively use this information in digital marketing. Our survey showed that an overwhelming majority of customers prefer email as their preferred form of marketing communication from our company. They stated that it is the best way for them to access coupons and promo codes, and discover new products. Therefore, implementing more personalization in our email marketing through platforms such as Mailchimp will allow us to create unique experiences for customers that will attract them to our brand. Based on behavioral segmentation, customers will receive personalized emails and coupons with the same purpose - to bring them into our stores. However, customers with specific preferences will receive tailored ads, while others with different preferences will receive the same information in a personalized way that suits their tastes.

47%

of consumers say they trust online services (e.g., websites, social networks, online stores, location-based services) to protect their data.

About half of US consumers say they trust the online services they use to protect their data; smaller shares take actionable steps to protect their data

Figure 5.1: Deloitte Surveyed Consumer on Data Privacy
With the development of online personal information input fields, maintaining transparency with consumers is increasingly important to maintain consumer loyalty and trust.

Dynamic Pricing

Objective: Provide affordable products to consumers who display interest in Fresh Thyme's offerings to best fulfill their personal desires.

PERSONALIZED PRICING SIGNIFICANCE

Pricing communicates the value of a product to a consumer. It serves as a tangible price point that lets consumers analyze whether or not they believe a product is worth their time and investment. According to Insite Track, an NPD Group study concluded that 85% of consumers consider prices before even considering viewing a business's products. With Fresh Thyme's 73 locations operating over 11 states in the Midwest, this calls for consideration of income. Individuals have their own desires that they believe best work for their own bodies, but they are only truly attracted to the products if they can realistically manage them. Fresh Thyme's main purpose is to provide affordable personalized diets, with a variety of products available to the market. To achieve greater efficiency within their sales and further contribute to their hyper-personalized strategy, they must keep an eye on pricing to ensure affordability for their consumers.

DYNAMIC PRICING USING ARTIFICIAL INTELLIGENCE

Through the use of machine learning and artificial intelligence, dynamic pricing focuses on determining the best pricing strategies, varying per product. Machine learning, data mining, and predictive algorithms help to support and build reassurance throughout a business's operations. These artificial intelligence algorithms analyze data through different available sources: competitor prices, past sale rates, current stock levels, and special occasions (e.g. COVID-19 pandemic).

FRESH THYME'S APPLICATION & STRATEGY

Fresh Thyme could implement dynamic pricing through machine learning algorithms by analyzing past success data and any evident need for improvements in the pricing of their products. Every location differs in the sense that the average income varies. Fresh Thyme must personalize the pricing of its products to further increase attraction rates and sales. According to the geographic region's income data, Fresh Thyme locations' can focus on selling products with lower or higher prices that support the affordable desires of their consumers. Dynamic pricing contrasts with standard static pricing, as it uses consumer interest data to determine prices, rather than fixed costs. The more data that Fresh Thyme has collected, the more optimization they can have with their prices, according to the location's average citizen income. This further enables hyper-personalized products for Fresh Thyme's consumers because not only does it offer a variety of products customizable to their needs, but the machine learning algorithms build analytics to evaluate affordable prices parallel to the community's earnings.

If dynamic pricing is ethically implemented into Fresh Thyme's operations, consumers won't hold single doubts about products that they are confident are for them. The prices are pre-determined and customized according to their income, allowing them to enjoy prices that are set squarely within their comfort zone. Dynamic Pricing implements this Artificial Intelligence method, which builds a closer relationship between Fresh Thyme as a seller and the consumer. The business itself can determine what the best price point is according to their situations, accommodating their community's personalized preferences with pricing.

June 2023 - January 2024 Timeline

Initiative	Month One	Month Two	Month Three	Month Four
Freshly App Development	App Development Process (~3 Months)			Focus Group Testing
Target Marketing	Collect Consumer Behavioral Data		Create Market Segments	
Employee Training	☆		☆	
FreshThyme x MyFitnessPal	Partnership Proposal	Soft-Launch (Select Users)	Results Review	Official Launch!

Initiative	Month Five	Month Six	Month Seven	Month Eight
Freshly App Development	Marketing and Promotion	☆	App Officially in the Market + Generating Rev —>	
Target Marketing	Send Personalized Emails on a bi-weekly basis (indefinitely)			
Employee Training			☆	
FreshThyme x MyFitnessPal	Continue Partnership, Collect Data, Analyze and Warehouse New Products @ Fresh Thyme			

☆ Freshly App Launch!   ☆ Nation-wide Employee Training Session Dates

Freshly App Development:
Required Resources (Accounted for in budget):
- Computer Software Team
- Focus Group for App Testing
- Marketing and Promotion Team

Description of App Timeline:
The creation of the Freshly App is expected to be a five to six-month process including proper app testing on a randomly selected experimental group of 1000-2000 users to collect data and overall consumer satisfaction. After the completion of month four, month five will be used for app refinement while simultaneously working to promote the app to current Fresh Thyme Rewards users.

Target Marketing: For the first two months of the target marketing campaign, Fresh Thyme will collect behavioral demographic data on consumers to identify their preferences. Months three and four will allow AI to create market segments and following that period, Fresh Thyme will begin sending out hyper-personalized emails to each consumer.

Fresh Thyme x MyFitnessPal Partnership:
After partnership proposals and coordination in the first few months and a soft launch of the partnership to a collected group, results from the partnership and user-preferred grocery items will be visible to Fresh Thyme in Month Five.

Employee Training: Before the first virtual nationwide employee training takes place in the first week of month one of the campaign, a select team of individuals from Fresh Thyme's corporate headquarters will be responsible for creating the training programs in collaboration with the Human Resources Team. Then, training sessions will occur semi-annually (every three-four months).

C. PROPOSED METRICS OR KEY PERFORMANCE INDICATORS TO MEASURE PLAN EFFECTIVENESS

1. STRENGTHEN CONSUMER LOYALTY

Objective(s): Achieve a 30% Increase in MyFreshThyme Rewards Loyalty Members and Increase Consumer Retention Rate

The amount of subscribers in the rewards program is an excellent measure of the number of Fresh Thyme customers that are committed to consistently shopping at the store. MyFreshThyme Rewards Loyalty Members also tend to engage with the brand by earning and redeeming rewards, staying updated with program updates, and providing genuine feedback on our products. Large companies, like Fresh Thyme, oftentimes use systems and analytics to identify their consumer retention rate, and by setting a target to increase the loyalty member count by over 30% throughout the next calendar year, we will make sure customers are effectively receiving our hyper-personalization efforts.

2. ENHANCE INVENTORY MANAGEMENT

Objective: Increase Consumer Satisfaction of Fresh Thyme Inventory to 80%

In October 2022, we conducted a study on a sample size of ~30-40 customers at a local Fresh Thyme branch, asking them the question "Do you feel Fresh Thyme's product collection satisfies your dietary needs" with an average of 65% consumer satisfaction rate. The success of our Demand Forecasting (MyFitnessPal Partnership) campaign can be measured by a 20% increase in consumer satisfaction if the same survey were to be conducted at Fresh Thyme after a six-month period. Changes will need to be made in operation strategy and consumer behavioral pattern tracking methods if this metric is not achieved.

3. ENHANCE CONSUMER RESOURCES & SATISFACTION

Objective: Increase Employee Confidence to Serve Consumers + 80% Employee knowledge on health and nutrition

At the beginning of our market research, we surveyed employees about the avenues they used to answer consumer inquiries regarding products, to which most answered "Google." After implementing the 95% required pass rate for employees after completing nutrition modules, a measure of success would be a total of 80% of FT employees gaining certification following one year of introducing the new resources.

4. INCREASE CONSUMER ENGAGEMENT WITH TECHNOLOGY

Objective: Reach 10,000 App Downloads within the first year of launch across IOS and Android

By introducing new avenues to make purchases and interact with the company — through the Fresh Thyme partnership and the implementation of the app — consumers will be able to interact with FT outside of the physical store location. An increase in app downloads will result in a positive correlation between generated revenue and increased consumer satisfaction.

5. INCREASE MARKETING COMMUNICATION OPEN-RATE

Objective: Achieve a 35% Average Open Rate (AOR) + 5% Average Click Rate (ACR) on Marketing Communication.

The typical open rate for email communications in the retail industry is around 22%. However, by investing in personalized marketing emails and achieving higher open and click rates, the success of our Target Marketing Campaign can be measured by a 50% increase in AOR.

VI. PROPOSED BUDGET

ASSOCIATED COSTS PER CAMPAIGN ACTIVITY

Freshly App Development:
- App Development Costs
- App Store Optimization Costs (to push the app out to as many users as possible)
- Social Media App Marketing Costs on Facebook and Instagram. Costs are calculated based on marketing-to-download conversion rates.

Employee Training:
- Zoom Premium Membership costs to host virtual webinars for employees from all across the country to tune in and gain educational resources
- Worker bonuses for managerial staff that choose to prepare and conduct training sessions.

Target Marketing:
- Mailchimp corporate subscription, costs associated with aggregating consumer preferences and creating marketing segments.

MyFitnessPal Partnership:
- Transportation costs to set up meetings with higher-ups from MyFitnessPal to discuss logistics
- Marketing costs to promote the partnership on social media and digital ads.

Dynamic Pricing: Market Research Costs to determine competitor prices, local income demographics, effective pricing strategy, etc.

EACH INITIATIVE'S SUBTOTAL COSTS

Cost	Cost Per Unit	Number of Units	Total Cost
Freshly AI App			$253,595.00
Freshly AI App Development Cost	$150,000.00	1	$150,000.00
App Store Optimization (Per Month)	$5,000.00	8	$40,000.00
Intelligent Recommendation Service (AI Development)	$30,000.00	1	$30,000.00
Content-Based Image Reteival Service Development Cost	$30,000.00	1	$30,000.00
App Store Marketing Costs (Facebook) (Cost Per 1,000 Impressions). Taken into consideration: 500,000 Reach x 0.081% App Download Conversion Rate for the Shopping Industry = ~40,000 App Downloads	$7.19	500	$3,595.00
In Store Employee Training / Customer Service Costs			$8,190.00
Trainer Commission Incentive (Spends 10-15 Hours coming up with training material + ~6-10 Work hours with training Employees	$500.00	5	$2,500.00
Zoom Events Subscription (Cost for a One Year Subscription with a maximum capacity of 1000 Participants)	$690.00	1	$690.00
Training Data Collection Research Costs (Research Software, Analysis, Sampling, etc.)	$5,000.00	1	$5,000.00
Target Marketing			$70,000.00
Mailchimp Subscription for Corporations	$5,000.00	12	$60,000.00
Market Segmentation Research Costs	$10,000.00	1	$10,000.00
MyFitnessPal x FreshThyme Partnership Costs			$113,797.50
Transportation Costs (For Corporate Meetings)	$200.00	10	$2,000.00
MyFitnessPal x FreshThyme Partnership Other Costs	$10,000.00	1	$10,000.00
Demand-Forecasting Market Research Allocated Budget	$100,000.00	1	$100,000.00
Social Media Marketing Costs (To download MFP)	$7.19	250	$1,797.50
Dynamic Pricing Costs			$50,000.00
Market Research Costs	$50,000.00	1	$50,000.00
Maintenance Costs for All AI Programs	$50,000.00		$50,000.00
TOTAL EXPENDITURE			$545,582.50

PROPOSED INITIAL COST DISTRIBUTION
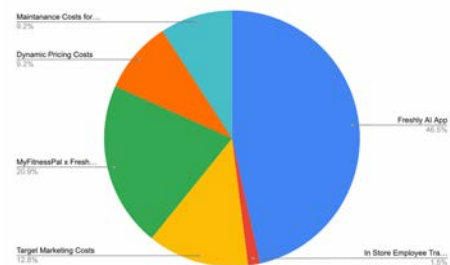
PROPOSED POST-APP DEVELOPMENT COST DISTRIBUTION
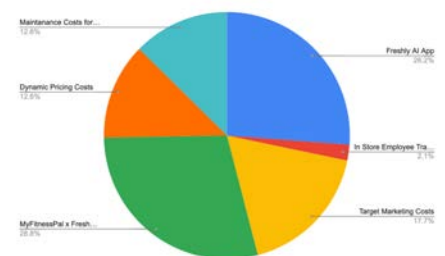
<u>REVENUE RATIONALE ~ ANNUALLY</u>

Freshly AI App:
- 1,000 (*average downloads/users*) x 9 (*average annual number of grocery store app orders*) x 75 (*average amount spent per individual grocery store*) = **$675,000**

Target Marketing:
- (60,000 (*average number of customers receiving tailored Fresh Thyme Mailchimp advertisements*) x 20% (*average click rate into the website*)) x 5% (*physical purchases through the app*) x 75 (average amount spent per individual grocery store) = **$45,000**

MyFitnessPal Partnership:
- 200,000 (*average number of MyFitnessPal users in the Midwest region*) x 20% (*average click rate into the website*) x 5% (*physical purchases through the app*) x 75 (average amount spent per individual grocery store) = **$150,000**

Employee Training:
- *Implemented to enhance customer experience at Fresh Thyme with greater confidence in purchases ➡ no direct revenue estimates

<u>TOTAL ESTIMATED REVENUE:</u> **$870,000**

<u>PROPOSED RETURN ON INVESTMENT</u>

$$\frac{Estimated \text{ Net Profit}}{\text{Cost of Investment}} \times 100 = \frac{\$870,000 - \$545,582.50}{\$545,582.50} \times 100 = \boxed{59.5\%}$$

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