

**An Appraisal
Of
Case Study
Analysis**

Whole Food Market

MGT 480

Strategic Management

Case Study Analysis: *Whole Food Market*

Section-2

Submitted to
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Subject: Letter of Transmittal

Dear Sir:

It is of great honor and delight to us to present you our assignment prepared as a part of the MGT 480 course titled as Strategic Management. Before we start the case study analysis, it would be of great pleasure to us to thank you and those individuals who helped us to complete this document, and without this help & cooperation it would not be possible for us to accomplish this task.

We would once again like to express our sense of gratitude towards you for giving us this opportunity, and sincerely hope that our report would give you immense satisfaction. We shall always be available to respond to any queries that you may have in this regard.

Sincerely yours,

Md. Atiqur Rahman Khan

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Acknowledgement

At first we would like to thank our honorable course instructor Jashim Uddin for providing us proper guidance to work on this case study analysis and we gathered a lot of knowledge and information while working on it. This case study analysis is entirely a group effort and we tried our best to make it as good as possible.

1. The History, Development, and growth of the company over time.

Answer:

History:

The Whole Foods Market is one of the most renouncing companies in the natural food industry in US. Whole Foods Market, started their journey as a grocery store in 1978, this store been established by John Mackey. After establishment of the shop the retail chain been developed afterwards and Whole Foods Market is not only having the grocery item only. Through the acquisition, merger, joint venture and purchase of other companies who provide various products to the consumer market. Now with this strategy they are expanding their business area as well as territory.

Development:

Whole Foods Market is not only now having the organic food in the category of fresh vegetables in their selling menu but also they are having various products in the category, such as sea food, coffee bean, fresh meat and so many other items. The company develops the idea of segmentation in the consumer market. This segmentation and the selective approach give them a differentiated position in the market and for this reason they are easily identified themselves by the consumer. The brilliant idea of the Whole Foods Market is to provide organic fresh food to the consumer as a part of the environmental sustainability as well as providing goodwill to the consumer.

Growth:

Whole Foods Market expanding their business day by day. In this case by analyzing it we found that Whole Foods Market purchased several companies like Allegro Coffee Company in 1997, Pigeon Cove in 1990 which is a sea food company. For the development and growth of the company they also merge and jointly venture with other company to have a synergy.

2. The identification of the company's internal strength and weaknesses

Answer:

The company's internal strength:

The company encourage team based environment to make independent decisions regarding to its operations. Each team consists of seven employees that compensate EVA bonus and receive options. The company has built a sense of purpose among its employees that 90 percent team members always enjoy their jobs. Team members are excellence and happiness, return on capital investment, improvement in the state of the environment and local and larger community support. The company has a unique fourteen page code of conduct document that has addresses the expected and desired behavior employees. Employee is the company's internal strength.

The company's internal weakness:

Whole Foods mainly carries on both natural and organic food as the product has undergone a strict test to determine if they are Whole Food materials. Only 3percent of US farmland is organic. As a result if there is a rapid increment in demand there will be a supply shortage of organic foods as a result price will increase and it will lead lower competitiveness of whole food market.

3. The Nature of the external environment surrounding the company.

Answer:

Competitors:

While the company entered the market there was almost no competition with few natural food stores in US. But now the scenario has been changed with 3 major direct competitors: Trader Joe's Company, Wild Oats Market, Stop 'N Shop and Shaw's. Trader's Joe's tactics is expanding its presence and product offering while maintaining high quality at low price. It has 215 stores, primarily on the west and east coast of US. Wild Oats, the competitor had no experience on this industry and highly rely on employees. The company is committed to strengthening streamlining its operations in an effort to continue to build the company. The product offerings range from organic foods to traditional grocery merchandise. Another competitors like Stop 'N Shop and Shows which now incorporate natural foods sections in their convention.

The disposable income has been increased of the urban singles and they became more health conscious and that given an opportunity of expanding natural food market. According to 2001 survey, American spends 7.2 of total income for food purpose which is the second large percentage of expenditure. Today the current industry follows the trend of making the shopping and experience. With the growing percentage of women working outside of the home the traditional role of home cooked meals, prepared from scratch, has waned. As fewer women have the time to devote to cooking, consumers are giving way to the trend of convenience through prepared foods. Scales of ready-to-eat meals have grown significantly.

4. SWOT analysis.

Answer:

Strength:

- 1) The business strategy of whole food market is its précised position that they are managing it efficiently.
- 2) This is a kind of strategically development towards future rapid growth.

Weakness:

- 1) Only 3percent of US farmland is organic. As a result if there is a rapid increment in demand there will be a supply shortage of organic foods as a result price will increase and it will lead lower competitiveness of whole food market.
- 2) Whole food market failed to find out the competitive niche from the market as a result competitors enter into the market to give a hard competition to whole food market

Opportunity:

- 1) Providing friendly working environment.
- 2) As a whole food market expanding their business in more and more religious so their gaining is not only US market but also European market.
- 3) The shift in population preferences, increase in disposable income and mobility lead to the preference of consumer in favor of consumer market.

Threat:

- 1) Whole food market is now not only a supplier of organic foods in consumer market. There are other competitor arising with same organic food concept as a result it create a major threat whole food market.

5. The kind of corporate level strategy pursued by the company.

Answer:

Whole food markets basically provide high quality food with low price structure. It improves customer offering differ by geographic reason and local firm specialties because it motives the customer to enhance strategic competitiveness by selecting and managing a group of different competitive business like “Proneto Markets” and “Wild Oats”.

“Proneto Markets” generally present or maintaining high quality at low prices based on niche markets. A low cost structure allows offering competitive prices or maintaining with its margin. On the hand while oats increase competition or rely heavily on their employs to learn the industry.

Its product basically offers organic foods to traditional grocery merchandise as their more flexible in their product offerings or to promote products through sales while their larger grocery chain. The industry is characterized by low margin and continuous downward pressure on prices made evident by coupons weekly special

6. The nature of the company's business level strategy.

Answer:

Diversification:

As the competitor increase their market size and the growth rate of competitors such as Traders Joe's is only 3.40 % behind. So, it will be a major thread for the Whole Food Market. As a result, Whole Food Market diversified the market in European Countries, such as U.K.

Retentions of Market Share:

Written the market share as organic food concept is rapidly expanding and fulfill the market demand competitors are arising from different horizon to reduce competition Whole Food Market introducing the new product in their outlets. To retain the customers Whole Food Market always keeps a quality standard above the level of quality specified in the code of conduct and that must have to be performed by the team members of Whole Food Market.

7. The company's structure and control systems and how they match its strategy.

Answer:

Company's Structure:

Whole Food Market is surrounded by cultural opportunities under which every retail outlets are formed increase outlets there are 72 to 391 team members where manager in the team leaders and under manager team leaders are congesting of 11 team members.

Control System:

Whole Food Market maintain code of contact that must be performed in operation period to entwining the Whole Food Market System from the production to the retail outlets to ensure the availability control the foods that are encountered from the suppliers and the customers to be free from prescribed other additives that in order to collect the fresh whole some and safe to cut food. Promote organizing grown food and provide to have heavily life of consumers.

How they match strategy:

The company ensures its diversification through the entry in the U.K. market and also introduces three private level products.

Retention of customer:

In case of retaining market share they are ensuring quality standards and maintain an affordable pricing strategy. They also provide a donation of 5% of its after tax profit to the non-profit organizations to ensure the social promotion in favor of whole food market. They also expand their sales and increase their market share by acquiring the other growing industry that lead to the rapid growth of the whole food market.

8. Recommendation.

Answer:

- è The company provides 5% after tax profit to the non-profit organization for the promotion of organic food on recommendation is to increase 5% to the amount of monthly 8% to 10%.
- è The recommendation is to increase productively and product line that will create more value delivery to the customer and they will like of the idea of one stop purchasing.
- è We recommend acquiring, merge or go for joint venture with those competitive with high growth rate and it will increase the overall growth rate of whole food market. Increase from the analysis and the case we found that Trader Joe's company sheet behind one stop.
- è The company needs to concentrate. This will extra visit of facie possible future shortage of increase and demanded organic foods.
- è By increasing, the supply of organic foods through building awareness to the fairness and get a competitive pricing advantage by decreasing the price levels.