

Whole foods market

Business



At the time, there were less than half a dozen natural food supermarkets in the United States which made Whole Foods Market an immediate success. In 1984, Whole Foods Market began its expansion. The second store opened in Houston followed by one in Dallas and another in New Orleans. In 1989, Whole Foods Market expanded to the West Coast with a store in Palo Alto, California. To continue the success and momentum, they continued to acquire multiple stores throughout the U.S.; Wellspring Grocery of North Carolina, Bread & Circus of Massachusetts and Rhode Island, Mrs.

Koch's Natural Foods Markets of Los Angeles, Bread of Life of Northern California, Fresh Fields Markets on the East Coast and In the Midwest, Florida Bread & Life stores, Detroit area Merchant of Vine stores, and Nature's Heartland of Boston. The momentum continued into the year 2000 with the additional acquisitions of Food for Thought in Northern California and Hardy's Farmers Market stores in Atlanta. In 2001, Whole Foods moved into Manhattan and by 2002, they saw an expansion into Canada and in 2004, Whole Foods Market entered the United Kingdom with the acquisition of seven Fresh & Wild stores.

Researching Internal and External Factors Porter's 5 Forces Risk Analysis Risk of entry by potential competition High-Demand is growing and "big box" supermarkets are working on entering the natural/organic food market Rivalry amongst competitors Medium-High; Many new competitors are entering the market but Whole Foods still stands alone as the clear front runner in the industry. Rivalry will be growing in the next few years as more companies start to compete. Bargaining Power of Buyers Consumers have the option to live a healthier lifestyle.

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They also have the ability to cut back on percale food items as the economy suffers. Organic food is not a necessity to living a healthy lifestyle.

Bargaining Power Of Suppliers supply in this market have the upper hand when bargaining. Threat of Substitute Products Medium-High; At this time, there isn't really a substitute if a person wants to eat organic foods. However, a person can substitute non-organics at any time for far less money.

Also, with new competitors entering the market, substitutions will be available in the near future.

Problem Identification When studying Whole Foods Market, two very glaring problems stood out. The markets in which they are present are very narrow, and the net income from 2006-2009 has drastically decreased. In reference to the narrow markets, Whole Foods Market is only present in the US, Canada, and I-J. Of their 340 stores, all but 11 are located in the United States.

When looking to increase market share and leave a global footprint, Whole Foods Market must find a way to have a larger global presence.

When looking at net income, 2006 reported a net income (in thousands) of \$203, 828. In 2007 there was a slight decrease to \$182, 740, and by 2008 net income had plummeted to \$114, 524. Although there had been a steady increase in sales, income continued to drop. This can likely be attributed to the economic downturn the US experienced in the late sass's the price of product and crops increased while the ability of consumers to buy more expensive product decreased.

This very issue can be tied back to the need to have additional stores in other countries.

If the United States experiences another recession, Whole Foods Market is likely to experience the same issues. Possible Solutions Co-CEO Walter Rob was recently said that Whole Foods Market hoped to have 1, 000 stores in the US. He went on to talk about some of the things they have learned in the last few years. Admitting the chain “ learned a lot of lessons from the downturn,” Mr.

. Rob said the company is now gaining market share again versus national supermarket competitors, with sales per square foot reaching \$888 in its second quarter.

Along with the benefits of increased differentiation, Whole Foods has “ significantly closed the price gap” with national competitors over the last several years. Mr.. Rob also said Whole Foods now has the confidence that it can build smaller 25, 000 square-foot stores “ all day and make a lot of money,” as well as pursue TTS “ sweet-spot” square-foot stores, and stores as large as 70, 000 in markets such as Chicago and New York City that “ deserve them.

” The expansion plans assumes that Whole Foods will have some success opening smaller stores in less affluent cities.

While Mr.. Rob speaks about the plan to expand in the US, this still does not address expanding in other countries across the world. Even if Whole Foods Market has learned a lot from the past few years, if they don’t have a market

outside of the US, they could witness the same thing they did in 2008 but on a grander scale with 1,000 stores.

In addition to looking to expand into other markets, Whole Foods perishables, they could look at developing lines of natural beauty products, pet food, healthcare, and vitamins or supplements.

The organic, natural way of life does not need to be limited to just food. If Whole Foods could expand their product line, they could have a broader product base to support them if one or more lines are affected by external factors. Best Solution Recommendation Based on everything I have read, Whole Foods Market needs to focus on expanding the number of stores they have throughout the US and world. They need to open stores in additional markets before the competition gets there.

In the locations that Whole Foods has been successful, they were the first store of their kind and an industry leader from the start.

They need to get ahead of the competition and open before the Walgreens, Trader Joe's, and Safeway of the world move in and gain market share in target markets. They also need to increase their visibility to consumers who are not familiar with what they do can become educated on their products and services and want to find out how and when they can get a Whole Foods in their neighborhood.

Whole Foods also needs to find a way to continue to differentiate themselves from the “big box” stores that are trying to enter the organics market.

Whole Foods was the first of its kind and needs to promote that. They

continue to do organics the right way because they are the inventor of the organics supermarket.

Through education, product diversification, and global expansion, Whole Foods Market can continue to be an industry leader.