

Essay on marketing plan for an online grocery store and delivery service

[Business](#), [Customers](#)



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Overview

A weekend drive to a grocery store makes an ideal activity for families to spend time sharing their product choices and insights about wise shopping. However, not all families and individuals alike share the same thought. There are some that doesn't have the time to spare for a quick trip to the grocery store because of the hectic schedule and busy lifestyle. The lack of time for grocery shopping is causing their household stock piles run out and food and basic household necessities to run dry. People flock to supermarkets to buy everything from fresh food, to toiletries, to canned goods to specialty items. The choices are endless, but the fact that one should take the time to take a trip to the grocery store is an existing problem to those that's always out of time.

Mission

There good news is, there's always a solution. The online grocery and delivery service offers the people and homemakers alike with a convenient service of ordering their groceries without leaving the confort of their homes. The online grocery store offers a wide range of products that one can usually find from a conventional supermarket. The opportunity to meet the customer's demands for grocery products while providing convenience is a great opportunity to diversify the services that supermarkets normally provide. There's a whole lot of advantage that can be derived from this approach and one of them is eliminating the need for large retail and storage space for the grocery owner. Convenience is also a strong advantage that set's the online grocery store and delivery service apart from the competition posed by large supermarket chains.

Target Market

The online grocery store and delivery service targets the busy people of this modern society. Mom's that are usually in charge of grocery shopping will have the convenience to get everything the household needs while saving precious time to spend with their family. The online grocery store cuts the stress of looking finding the right isle (which is sometimes frustrating if you are not familiar with the store shelves arrangements) to get one single product not to mention it takes time. Using the online grocery service will put all that stress into few clicks and a touch of the finger tips. The service also targets single and career busy people who cannot find time to spare for grocery shopping because of the hectic schedule and never ending

appointments. The online grocery store and delivery service will do the shopping for them. The integration of an auto-ordering and scheduling feature will help them to forget about grocery shopping and just virtually expect the goods at their doorsteps.

Action Plan

The supermarket industry is a US\$463.9 Billion industry which consists of large scale stores and supermarket chains (Latella and Morrissey 2006, p. 1) which also makes up 12.5% of U.S retail revenues. This volume of revenue is being shared by supermarket giants Wal-Mart, Kroger's and eight other top grocery names in the industry. In terms of shopping patterns and frequency of visits, groceries are the most widely visited stores in the country taking up 67% of the total trips of the average household shoppers (Latella and Morrissey 2006, p. 4). The record only speaks for the conventional supermarket industry. The potential of an online grocery service was haven't been fully tapped. There is a possibility to bring the supermarket business into the virtual community with the use of common technology such as computer and internet based applications. The online grocery and delivery service promises to change the way people shop for groceries while taking up portions of the supermarket industry pie.

In a survey done by the University of Michigan, grocery shopping was ranked 22nd among the favorite household task among Americans. It appears that grocery shopping was second to the last among the favorites just a notch above cleaning (Johnson, Killgallon and Lockhart 2000, p. 1). Given the notion that not all people doesn't like grocery shopping, supermarket still

remains as a mammoth industry because of its sense of necessity. Meaning, even though some people doesn't like grocery shopping, it seems they don't have much of a choice but to do it anyway. This is the reason why online grocery service emerges amidst the stiff competition between large supermarket chains, it is convenience that the online grocery is capitalizing on.

There are economic factors involved in the online grocery service model. Online grocery model has several factors that's appealing to the economic point of view. The fact that the grocery owner does not have to pay much for an actual store space, there is also a greater advantage for the customers as they don't need to stand in line at the check-out counters. Other advantages are customers not having to pay for the parking and spend on gas which generally impacts the retail pricing. Because of the described advantages, online grocery stores can potentially drop prices making them more price competent as compared to a normal supermarket. Even though avid shoppers “ likes to squeeze the tomatoes” according to Barry Scher the spokesperson for Giant Food Inc, the trend is constantly changing along with the fast-paced technology and emergence of e-commerce and it seems inevitable.

The success of the online grocery store and delivery service depends upon the demographics and location in which the target market exists. Urban areas where the volume of the target market can be realized is the perfect location to start with. Given the fact that urban areas has all the infrastructures to aid online operations such as household and commercial

areas with computers and internet access (Johnson, Killgallon and Lockhart 2000, p. 1).

Marketing and promotional Strategies

Online grocery store and delivery service offers a diversity of marketing strategies to use. Because the nature of operation of online grocery is channeled through the use of the internet, it would be a huge advantage to use social media such as Facebook and Twitter to advertise discount priced products, promotions, conduct contests and to generally reach out for brand visibility. The online grocery service will have the scheduled shopping service where the customer can make a list of usual items that normally purchase and put it on an automatic ordering based on schedule. The use of auto-payment options would be easier to collect payments through credit cards, checking and debit account. A list of product specified discount codes can be mailed to regular customers for them use for their next purchases. This approach would be helpful in terms of pushing slow moving products out of the shelves. Tie-up partnership can be made with product makers to promote their products by giving out discount codes.

Weekly contests will be posted on the website and social networking page

At least two computer units, one for the main server and the other one as back-up system.

Printers at least two units

Storage media for storing important softwares and customer records

One delivery truck for distant delivery and one motorcycle unit for small quantity and short distance deliveries

Manpower: Graphic artist (full-time), web programmer (project based), software, programmer and developer (project based), two delivery clerks (full-time), delivery truck driver and helper (full-time), motorcycle delivery man (full-time) and accounts and payment clerk (full-time).

Recommended budget:

Equipments: Computers (2 units) - US\$600. 00 (\$300 each)

Printers (2 units) - US\$240. 00 (\$120 each)

Storage media - US\$200. 00 (\$100 each 500 gig drive)

Delivery truck - Pur. \$40, 000 vs. leased \$160/month

Motorcycle - Pur. \$3, 000. 00

TOTAL: US\$44. 040. 00 (w/ purchased truck) - US\$4, 200. 00 (w/leased truck)

Manpower: Project based Programmers - US\$2, 000. 00

Project cost (including web template cost, hosting and license) - US\$500. 00

Softwares and licenses - \$700. 00

Full time - (adjusted hourly rate \$9. 00/hour) x 7 employees

US\$63/hour X 8 hours = US\$504/day X 4 weeks = US\$2, 016/month

TOTAL Investment cost: US\$7, 400. 00 (w/leased truck) vs. US\$47, 240

(w/pur. truck)

Target Margin

Target number of customers: 1, 000 X (frequency of orders in a month) 4 =
4, 000

Average check per order: US\$150 X (monthly target number of orders) 4,
000

Average Gross revenue = US\$600, 000 less cost of goods and fuel (80%) =
\$120, 000

Less investment cost and monthly dues for wages and other expenses 60%
will give out a minimum net income of US\$48, 000. 00.

The sales and results of promotional results will be monitored based on the number of visits on the website and frequency of orders. Any signs of slowing down will be countered with more aggressive discounts and to acquire and retain more customers. On time delivery is the trademark of the online grocery store and delivery service. Fresh produce and perishable items will be delivered precisely as instructed by the customer in special packaging to retain freshness. Customer feedbacks and satisfaction surveys will be conducted regularly to keep track on the customer's demand behaviors to enable strategic adjustments.

Reference List

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