Whole foods case study

Business

Whole Foods Case Study ? Whole Foods Case Study Introduction? Problem Statement ? Supporting Facts Whole Foods is an organic grocery chain that was founded in 1980. Since the origination the companies motto has been Whole Foods, Whole People, Whole Planet. This motto encompasses their mission to provide the purest quality of food, employ the best team, and continue to be involved in the communities they are a part of through philanthropic involvement. (Gamble & Thompson, 2010) Problem StatementHow did Whole Foods purchase of the Wild Oat’s brand negatively impact their company objectives, core values, and profit margin? Supporting Facts •2007- Acquisition of Wild Oat’s; largest competitor •Store count increased by 109 oAcross 23 states o15 new metropolitan areas o5 new states •35 stores sold immediately following the acquisition •Overall purchase cost $700 million -$166 million= $534 million total purchase cost •$137 million debt inherited from purchase of Wild Oat’s •9 Wild Oat’s stores closed down •7 Wild Oat’s shut down/relocated Did not fit in line with brand strategy or real estate strategy (Gamble & Thompson, 2010)? SWOT Strengths Brand Image High Quality Customer Service Demographic Based Location Company MottoWeaknesses Price point perception Over expensive products Low value to some customers Customer loyalty Debt due to acquisition Opportunities Advertising Private Label Expansion Brand Perception Threats Low turnover threat from farmers Low spend per trip due to high prices Increase in competition (Gamble & Thompson, 2010)? Analysis? Conclusions & Alternative SolutionsWhole Foods managed to be a sustainable and self-sufficient company from the time of its founding in 1980, up until the time of its acquisition of Wild Oats.

While the company did manage ot overcome the challenges and losses of the acquisition, they would have been better off for having not made the deal. The case clearly outlines the differences between the Wild Oat's properties and brand image, and that of Whole Foods. In many cases the store sizes were much different, leaving a lot to be desired in the newly acquired locations. This created a challenge for Whole Foods to offer consistent product choices to their customers- with varying store sizes. Conclusions & Alternative Solutions Whole Foods acquisition of the Wild Oats resulted in expenses that were unnecessary.

The original $700 million expense to buy out Wild Oats only resulted in the acquisition of 58 new stores- when they purchased 109 total. Whole Foods should have negotiated to purchase the 58 stores they planned on keeping, and left the 51 stores they did not plan on using to Wild Oats. Even though Wild Oats was their biggest competition- a partnership with the remaining portion of the company and an action plan to further develop the suffering stores could have helped to develop into a flourishing company again, that whole Foods would have profited from. Through this, loyal Wild Oats customers would still be able to shop at Wild oats, and Whole Foods would still be able to use this new acquisition as bargaining power with distributors to get products at lower costs. (Gamble & Thompson, 2010) RecommendationsMy recommendation through the conclusions and alternate solutions would be to create a merger between Whole Foods and Wild Oats in order to maintain the brand image of Wild Oats, and the ownership within the company- yet eliminate the issue of competition to Whole Foods.

This merger would put Whole Foods and Wild Oats in a partnership (monetarily backed by Whole Foods, so they would profit most from this). Through this merger Whole Foods would be able to work with their vendors to get larger quantities delivered to more stores at lower prices- but not be forced to assume the $700 million expense of buying out Wild Oats. This recommendation would have left the brand image of Whole Foods in the manner in which the company had worked hard since 1980 to build, and left Wild Oats in its original standpoint. The benefits would be that Whole Foods would gain bargaining power with vendors, and Wild Oats would gain a mentor company to help rebuild and restructure their failing company. ?

Gamble, J. E.

, & Thompson, J. (2010). Essentials of strategic management: The quest for competitive advantage. (pp. 246-278).

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