

# [Wegmans analysis essay sample](https://assignbuster.com/wegmans-analysis-essay-sample/)

[Food & Diet](https://assignbuster.com/essay-subjects/food-n-diet/)

At Wegmans, we believe that our commitment to Sustainability – making decisions that promote the long term well-being of our people, the environment and our company – is one of the ways we make a difference in the communities we serve. It’s just the right thing to do! History

Wegmans is a privately held, family-owned company founded in 1916 by the Wegmans family. Wegmans is based out of Rochester, New York and the current owners are Danny Wegman, CEO and Colleen Wegman who is Danny’s daughter. She holds the position as president for the company. Robert Wegman, which is Danny’s father, was the chairman for Wegmans until his passing in early 2006. As of today Wegmans employs over 44, 000 people.

It all began with two brothers, Walter and John that worked in their parent’s grocery store in the early 1900s. Walter was responsible for working in the store while his brother John managed the produce section of the store. As a result, John decided to open up a Fruit & Vegetable Company which started what is now known as Wegman Food Markets. Later in 1916 John’s brother Walter decided to join him on his newly found venture. The brothers decided it was time to expand so they decided to purchase the Seel Grocery Co. in 1921 and begin the distribution of general groceries and bakery items. In the 1930s the brothers incorporated the new market while continuing to expand their product line with meats, produce and dairy products. As the customer base grew a need for frozen foods arose so the Wegman brothers incorporated these items in their store in the 1940s.

Each decade the store began to expand and where there are more products and customers brought more employees. At this time in the 1950s the brothers decided it was time to introduce a program for their employees in regards to benefits for full-time employees. The expansion also caused them to begin looking into development property for future stores in the area. This went on for decades until they successfully covered every corner of Rochester, New York. So what else to do than to expand to another part of New York? And that is exactly what they did. Wegmans broke ground in Syracuse, New York in the 1960s. This was their first establishment outside of the Rochester area.

As a result of their continuous success rates they now operate 83 stores on the East Coast. They services 46 in New York State alone and 16 in Pennsylvania, 7 in New Jersey, 6 in Virginia, 7 in Maryland and two in Massachusetts. On the Forbes’ annual list of the “ Largest Private Companies in the U. S” and ranked #52 in 2013. As a native Rochesterian, I have had the privilege of growing up through many years of their service. Wegmans is my primary choice for shopping even up until today when I return home (CO, 2014).

For those that are not familiar with Wegmans grocery store is it definitely something to marvel at. This grocery store is not just a store but an experience. Wegmans has been ranked #12 on FORTUNE magazines’ 2014 list of the 100 Best Companies to Work For and has been on the list every year since 1998 and in 2005 Wegmans was ranked #1 (CO, 2014). SWOT ANALYSIS

Strengths
Wegmans has undoubtedly made their mark in the supermarket industry but even more so they have stamped their traditions in the lives of people like me within their own community. Their presence is unprecedented and extremely competitive in the Rochester and surrounding areas. With consistent low prices and a variety of items to choose from, this grocery store has made itself a one-stop shop store. What’s more is that Wegmans has gone out of its way to provide over 70, 000 products for their patrons compared to the average of 40, 000 that come with most grocery stores. A favorite of mines is the extensive line of imported cheeses that are available in the store (CO, 2014).

In addition, Wegmans has countless foreign and ethnic foods in the grocery section as well as a restaurant-style section with some of the various foods prepared for their customer. In most cases you can only be find these selections in their store within the entire region. They offer Asian, Latino/Hispanic, Kosher, British, German and Indian food to name a few. Another one of my favorite sections is comes in the array of choices for sushi in the store. You can also find in the store an extensive cosmetic line, flowers, household items, a pharmacy, kid’s fun center and a photo center. Weaknesses

As with every business with growth come failure and Wegmans has not been excluded from this list. With so much to choose from in terms of food it is not surprising that Wegmans has had some history of recalling food items. In their history items have had contamination, allergens and labeling errors. It was reported that the company initiated 24 product recalls in 2012 – 2013. These recalls included Fiber One Cottage Cheese as well as some of their in-house products. These included their Feel Good Organic Juices, Gluten Free Baking Mixes and their Chunky Chicken Corn Chowder Soup (WFMSA, 2013).

It is important to note that even though there may not actually be something wrong with the product the company does a recall for precautionary measures. If it is founded in production, manufacturing or at some point that a product has the chances of harming a customer it is recalled. After thorough investigation it may be founded that in fact there is nothing wrong with the products but no company wants to take the chance. Either way it does not give the company a good image at the time of the recall. So from that point it is the responsibility of the company to do what they can to regain their customers confidence in their products. Opportunities

One thing is for sure Wegmans has learned how to strategically position their business for growth. And this was accomplished by decided their “ goal was to build the finest supermarket chain in the land”. It was understood that the company may not grow quickly but efficiently. Mr. Robert Wegman so eloquently stated, “ I have never pursued growth for growth’s sake. All we really want from our efforts are the finest food stores anywhere, operated profitably”. This was backed up by Wall Street Journal’s supermarket analyst, Neil Stern when he said “ We consider them the best chain in the country, maybe in the world”.

Wegmans has many initiatives for not only their store but also for those in the community that help them position their company for more opportunities. First and foremost they invest in their employees. As stated before, they hit the FORTUNE magazine list for the “ 100 Best Companies to Work For” for ten consecutive years. This type of accolade does not happen by chance. The employees have to really feel appreciated by management to give such feedback.

Another awesome way they make opportunity for the company to grow is putting their employees through school. It has been documented that Wegmans has donated nearly $56 million in tuition assistance to over 18, 000 employees since 1984. I am proud to say that I am a witness of this programs success. My niece worked for Wegmans her entire high school years and was a recipient of the tuition assistance when graduating from high school for college. In addition, Wegmans started a Work Scholarship Program in 1987 that helped with the dropout rate in the Rochester area. Getting the youth through school and helping them get into college makes available more job opportunities and places more people in the workforce in this area. This in turn provides more opportunities for Wegmans to grow exponentially.

Another great investment that Wegmans participates in annually is the LPGA (Ladies Professional Golf Association). In 1997, Wegmans became the title sponsor this event. This is a “ big deal” in Rochester because it brings out a lot of elite athletes, owners and participants from all over the world. Again this is a great way that Wegmans finds a way to position themselves for growth in the community at large. Threats

If you are in business you will always have some sort of threat. Whether this threat comes from the government and their implementing new policies for the industry you are in or if there is a new company opening down the street. It is inevitable that you will be in competition with something or someone throughout your existence. In terms of Wegmans they continue to be in cahoots with other companies trying to get their business. This is happening on a local, regional and national level. This goes for everything from “ Mom and Pop” stores, to local chains such as Tops and even bigger chains like Walmart and Target.

In addition to the stores there are always national regulations that cause a company to become threatened. This is because regulations are constantly changing. So that means the company is constantly restructuring. This is the case for Wegmans as well. With all the concerns in the community about the health of our foods Wegmans has to ensure they are meeting the needs of their consumers. Whether it is through gluten-free products or food free of antibiotics this becomes a constant battle for grocers. For example, in October 2009, the American Public Health Association recommended legislative changes to establish a new authority to strengthen the food safety system (WFMSA, 2013). The list goes on with all the various regulations put in place for consumer safety. PORTER’S FIVE FORCES ANALYSIS

Customer Bargaining Power
This brings me to the customer’s bargaining power. It plays a major role in how a company grows or fails. The customer has the power to dictate what they want. It is up to the company to make sure that they do the research needed to find out what those requests are from the customer. Failure to take this into consideration could be the beginning of that company’s demise. It doesn’t matter which company it is, it is their customer that lets them know what to have in inventory. Take for example there are multiple Wegman Markets across the East Coast. The items in inventory in Rochester are going to be different than those in Virginia. Now they will have their core products for the most part but residents in Virginia may purchase more of one product than those in Rochester. Therefore, that particular item may not be on the shelves in Rochester. Supplier Bargaining Power

This is equally the same for the supplier. The supplier has a lot of power when it comes to what the store has in inventory as well. This concept is very simple. The supplier will go to the company that gives them the best deal for their product. This is a competition in itself. So stores such as Wegmans has to remain aware of what that bottom line is for that product at all times. The store has customers as we already know and their customers are expecting certain products in stock. If the store cannot provide the customer with that product because the supplier has chosen to do business with another store then that said store has lost customers. Threat of New Companies

This can happen in many ways. Companies are popping up all the times. The advantage of new companies is that they may have done extensive research of the market prior to opening. This means they have a fresh start in the market. They are ready and eager to take risks. They are aware of the various niches in the industry. This can pose a threat for a company that has already laid out their five year strategic plan. Most companies do not deviate from that too drastically. So a new company coming in could really put a damper on their progress and overall sells. Threat of Similar Products

When products that are similar to those that you distribute come in the area it can cause competition within itself. At this point you have to determine what makes your product different from your competition. The key to this is to market that difference to the community at large. Convincing them that your product will achieve higher satisfaction at a greater deal is one way you can counteract this type of competitiveness. Competitive Levels within a Particular Industry

The system is set up to try to prevent any company from becoming a monopoly in any given industry. The supermarket industry is no different when it comes to this concept. For this you will have other competitors working very hard to relinquish you of your customer base. It is the responsibility of the store, such Wegmans, to remain on top of the business and know what is going on around them. This requires constant checkups to feel the temperature within the industry and adjust their business where it is needed.

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