

Freshdirect company and jit production strategy

[Business](#), [Management](#)



Case write-ups: FreshDirect (C29 How did FreshDirect use strategic management, and what were key forces in the general and industry environments that affected FreshDirect?

FreshDirect processes thousands of orders using SAP AG software to ensure timely delivery of order. In addition, they use a customer managed inventory system where the customer has responsibility for all of the inventory decisions. This ensures steady inventory levels. The company also uses reverse positioning strategy which has made them enhance customer grocery products and creating a system that has ensured fresh groceries at great prices. Through breakaway positioning, they have broken away from the marketing and created a sub industry, Online Grocery Retail Industry. Key forces that affected FreshDirect are low entrant threat, powerful ability of buyers to force prices down, low bargaining power of suppliers, limited threat of substitute products and low intense rivalry. In addition, it has been affected by internet and other digital technology.

2. What internal resources and assets did FreshDirect have that gave it a competitive advantage?

The company use JIT production strategy to reduce in-process inventory and other costs, good supply chain management which provides direct link with producers, and total quality management system that scans quality. In addition, it has an appealing website that attracts more customers by providing complete information. It has a rating system that depicts the quality of each item. All of these ensure that the company offers low prices, has brand loyalty, profiles their customers, and has a fully organized system and steady expansion strategy thereby having a competitive advantage over

their rivals.

3. How did FreshDirect compete?

FreshDirect competed by making more order varieties that attract new customers and makes the loyal. They are highly innovative and are ahead of their competitors. They eliminated middlemen thus easily accessing suppliers and this has reduces overhead and personnel costs. Finally, they stock the right amount of products and have forced the prices to be low.

4. What additional strategies might FreshDirect utilize to craft a competitive advantage and how might these strategies be implemented?

FreshDirect may use strategies such as joint ventures, franchising and differentiation to craft a competitive advantage. It will be able to increase its values and market shares by making unique products. It can use innovation and corporate entrepreneurship to implement such strategies.