

Marketing research on kudler fine foods



Marketing Research: Kudler Fine Foods Susan Karr MKT 421 October 1, 2012

Ricci Rizzo Marketing Research: Kudler Fine Foods In order to succeed, it is fundamental that businesses satisfy consumers' needs (and desires) for goods and services. Appropriate market research provides the data necessary to understand those needs and respond to them effectively and profitably. Kudler Fine Foods (KFF) has performed market research in the past. Some of that research has been helpful; some has not. Additional market research is needed for KFF to reach a larger share of the market and increase profitability.

Kudler Fine Foods is a gourmet grocery store. KFF sells meat, produce, cheese, and wine. They also provide catering services. KFF has targeted two market segments, high-income consumers and gourmands (gourmetfoodenthusiasts) (Kudler Fine Foods, 2011, Sales Plan 2007 webpage). These markets were selected based on the strengths owner Kathy Kudler brings to her organization. Gourmet food is Kathy's passion. KFF has used historical data, customer surveys, and feedback from its sales force to discover what its target market wants.

Observing patterns in historical data and extending those patterns to predict the future, or trend extrapolation, is the "best-known statistical method" for predicting future sales (Kerin, Hartley, & Rudelius, 2011, p. 215). Salesforce survey forecasts, such as the feedback from managers at the operations review meetings on the sample offerings Kathy is considering, are another logical approach to discovering what the target customer wants (Kerin, Hartley, & Rudelius, 2011, p. 215). KFF's customer surveys are an additional tool used to fine-tune what their customers (new and existing) really want.

The company has begun to track customer purchase behavior to forecast which products and services are most likely to be in demand and when specifically (year-round, seasonally, holidays, etc.). KFF is considering addressing changes in consumer expectations in the changing e-commerce arena (KFF currently has an informational website that consumers can visit). KFF believes quality and specialty items, especially new ones, are most important to its customers. Kudler Fine Foods has no direct competition with other gourmet grocery stores in their current locations.

Kathy chose the locations for this reason and for their accessibility to KFF's target high income consumers. KFF has been emphasizing direct mail promotions to high income zip codes, word-of-mouth advertising via satisfied customers, and personal sales promotions both in-store and at various community events. Although Kudler Fine Foods has chosen two very specific markets to target, a more thorough understanding of those target markets is needed to deliver what they want. One of KFF's target markets is gourmands.

KFF's research focus in this area has been primarily on the supply side: Kathy monitors what products the competition is offering, what products are advertised in gourmet magazines, and what products are shown at gourmet conventions and websites. To discover what gourmands want, KFF also needs to research the demand side. Mining on-line blogs and gourmet food forums are two ways KFF can increase its understanding of what gourmands want. Customer surveys, such as the ones KFF currently uses in-store, can also be revised and used both in-store and on-line. Specific areas to be researched include: * What products do they want? A changing selection of

items or traditional items? * The newest items available or a more specific selection, such as local artisan wines and cheeses? * When do they want it? * Are there different times when certain items are desired more or less? * What do they want over the holiday season? Or during the summer versus the winter? * Where / how do they want it delivered? * Do they want to shop for it and prepare it themselves? If so, do they want to be able to shop on-line? * Do they want to attend classes to learn how to use the products? * Are they interested in on-line tutorials? * How much do they want the product to cost? Note: Based on answers to KFF's 2011 Customer Survey, price is one area where additional research is vital. More than 50% of respondents did not feel the merchandise was a "good value for the money" (Kudler Fine Foods, 2011, 2011 Market Survey webpage). * What do they expect to pay? * What are they willing to pay? (Rizzo, 2012). Additional research is needed to more effectively reach KFF's other target market, high income consumers. Currently KFF segments this market geographically based on zip code areas determined by various factors to be "higher-income" areas (based on real estate prices, for example).

Although somewhat targeted, this promotional method uses the "shotgun" approach: direct mail is "blasted" over an area in hopes of reaching the target (Response Targeted Marketing, 2010). Past sales data (information on customers who spent over a certain amount or purchased large quantities) can be mined to determine where they live and how much they make. This demographic information can then be used to procure or generate lists of similar people. Using direct mail promotions, the target market can be

contacted more effectively. It is important that KFF take measures to track the results of marketing campaigns.

For example, if a direct mail postcard with a promotional offer is sent out, tracking sales generated from that offer will tell KFF if they are reaching their target or wasting their time and need to re-aim. This also means asking customers directly how they found out about KFF or what brought them into the store. Again, updating the current Customer Survey is a simple way to accomplish this. Kudler Fine Foods can improve its marketing strategy by focusing on three competitive intelligence priorities: 1. Understanding the consumer environment 2. Assessing and tracking competitor's actions 3.

Providing early warnings of opportunities and threats Several of the recommendations for increasing understanding of the target market will also help KFF understand the consumer environment better. Increased utilization of internet technology, such as implementing on-line surveys and monitoring gourmet consumer blogs and forums, is simple and cost-effective. Continuing to monitor competitors as Kathy has in the past is also important. To prioritize this, KFF's department heads and managers can contribute to intelligence gathering, paying particular attention to competition, customers, and trends relevant to their areas of expertise.

Most of this information can be gathered during customer and employee interactions; some will require research via internet, magazine, and the gourmet food community, even visiting competitors' stores. Communication is vital to provide KFF with early warning of threats and opportunities. Kathy visits the stores personally: Discussing consumers and competitors, not just products and services, with employees and managers

during these visits will ensure opportunities, as well as threats, are revealed in a timely manner.

Kudler Fine Foods has begun to develop a foundation for successfully marketing its products and services. It is important that KFF perform additional research in some areas and continue to modify and improve on its marketing strategy. By updating its Customer Survey, capitalizing on information freely available on the internet and taking advantage of information previously gathered, KFF can reach a larger share of the gourmet foods retail market and increase profitability. References Kerin, R. , Hartley, S. & Rudelius, W. (2011). Marketing (10th ed.). New York, NY: McGraw-Hill.

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