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Whole Foods Market Case Study Audit



1. SWOT Analysis

Whole Foods Market SWOT

Strengths (Internal)	Weakness (Internal)	Opportunities (external)	Threats (external)
Own and operate chain of natural & organic foods Reputation healthy local food	Product recalls affect brand image	Trend support increased demand for food products	Strict regulations impose additional liability
Opening new stores from ground up fueled by rapid growth by acquiring other food chains	Weak international operations	Increasing popularity of private labels to improve margins	Intense competition may have an adverse effect on profitability
Focused growth strategy	Increasing rental expenses	Increasing demand for organic products	
Strong focus on right of stores	Pricing strategy (aka whole paycheck) due to higher pricing		
Branding for affluent and health conscious customer			
Positive employee environment			
Broad product offering			

2. Problem Issues
Business practices

- Devotion to profits – it's a business seeking profits swallowing up or driving out business of smaller retail competitors and making money being more important than customer first and doing the right thing.
- Forceful monopolization - co-ops went out of business due to Whole foods dominating the market in the natural foods grocery business therefore it eliminates the diversity while wiping out competitors

Labor practices

- Anti-union – Whole foods wants full control not union control
- Poor working conditions – wages are less than standard and high turnover rate (unsatisfied employees)

Supplier's controversy

- Lack of support for farmworkers – for boycotts or being informed about their conditions
- Misinforming shoppers about farmers – organic farmers issues or where the food is actually being farmed

Corporate issues

- Stopping shareholders from reporting – speaking about resolutions at the annual meeting
- Clouding executive compensation – Not divulge accurate compensation information to media in order to avoid employee or the public to have knowledge about compensation

Products issues

- Store brand products – using toxic chemicals
- Selling organic food – private-label not government approved

3. Alternatives

Diversifying retail, global expansion, competitive pricing, agricultural/employee concerns and staying ahead of technology. Addressing agricultural and technology concerns will allow the company to predict industrial changes, operational fluctuations remain consistent with high quality standards as well as keeping suppliers and environmentalist satisfied. Competitive pricing would offer profitable pricing; they would be able to stay competitive with competitors while offering reasonable prices. Global expansion would offer more profitable stores, more stores with increasing profits and nationwide niche branding for organic foods. Diversifying retail can offer more customer satisfaction and increase the appeal to more market segments. Employee concerns, happy employees, happy customers offering competitive wages/programs, adapting a cohesive culture and training programs can create a decrease in turnover rate.

4. Decision Statement

Growth strategy and broad market segment focusing on lessons learned – communicating more effectively, expect more of manufactures/strong network of suppliers with performance metrics, increase employee wages/training with performance metrics promotions/rewards systems, implement structural product portfolio changes when applicable when broadening market segments. Involve all parties early in order to stay consistent and on the same page to meet the Whole

Foods standards. Utilizing third party endorsements to increase recognition, using seasonal sales for loyal customers/reward points, continue to make decisions based on a decentralized process per store, per manager, per community helps to meet the needs and wants of the customer base to offer products that fit market demands. Continue to focus on profitable stores to improve unprofitable stores while monitoring in order to make an informed decision. Continue to increase sales by 15% yearly and corporate sales 8% yearly taps into Whole Foods market share advantage with a broad differentiation strategy (health food and organic groceries), effective growth strategy (differentiating itself from competitors through its unique value proposition and commitment to natural foods) will bring value to their employees, customers, store brand and shareholders experience.