

Whole Foods American Food Chain

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Introduction

Whole Foods is an American food chain that serves organic food products without implying artificial additives. The chain specializes in products for flavors, hydrogenated fats, colors, sweeteners, and natural foods. There are around 500 stores owned by the supermarket. Other than the United States, it also has branches in the United Kingdom. The functional, financial, marketing, production, and organizational analysis reveals that the company is trying to cope with the challenges after the year 2008. Demand for natural food has increased over the last fifteen years, and it has disrupted the progress of the firm. However, the corporation has experienced certain successes in the past and has attempted to broaden its business.

Discussion

Whole Foods is a pioneer in providing natural food products. Since 1980, it has consistently served the purpose of providing healthy items for Americans. People have an increasing interest in their health and food items. The twentieth century was seen as the best for the company because, during those forty years, the corporation experienced a number of successes. The company's head office is located in Austin, Texas. Other than Canada and the United Kingdom, the corporation has ninety-five percent of the stores located in different states of America. With the merger of grocery stores, Whole Foods management has increased its progress in the early years of development.

With the passage of time, the market of whole foods has evolved from stores into eateries where chefs prepare bakery items and grocery fares. The company's operations are related to organic and natural food segments. The lines of the revenues and the production are separated by the trio of prepared food, perishable food, and the food that is non-perishable. Since 2008, the demands for nature have gained considerable importance from people from different walks of life. The growth of the stores went high, with an economic growth rate of 15%. With the diminishing returns, the company is still facing growth in its finances (Darmon, 2015). The chief executive officer of the company defended certain lapses with the statement that corporations cannot be consistent with the same rate at all times. The decade after the year 2008, store sales were lower and moved to the negative side of the calculations.

The two quarters of the year 2016 have lost with the marking of 2.4 and 2.6 percent. It was the fifth and the sixth consistent loss to the corporation. The management has identified certain strategic elements responsible for the consecutive decline in the whole food business. According to the organization's assessment, a number of competitors have entered the market. The influx has

provided people with the opportunity to turn around and look towards other food chains that might give them the most appropriate natural food. However, some researchers reveal that the new entrants had no substantial impact on their industry. During the years after 2008, the battle for organic food has intensified. Studies confirm that competition in the coming years will increase.

The SWOT analysis revealed that Whole Foods has the primary strategic issue of significant opportunity that transforms into strength, and now it has become a threat. In the early days of the entire food market, there was an opportunity for the capitalization of organic and natural food in the USA. The people's commitment to natural and pure food ultimately affects and progresses the market of whole food. The social trend of the consciousness related to health and awareness regarding food items has provided the growth of the food industry. Looking to the growing knowledge of the people, more industrial partners are entering the food market. According to Mackey, the movement of organic food became a value system and a belief that must be mainstream.

Consumers wanted natural food, and competitors like HEB, Publix, and Costco entered the food market. The entrance of new stakeholders has focused the attention of the market to produce competitive food rather than natural or organic food. The analysis in this regard has revealed that prices are also affected by the competition race among the major players in the market (Heasman, 2015). These competitors have a number of advantages, such as Costco's favorable price for customers who buy food from them. Kroger provides food and convenience, which attracts people to facilitate the company's services. Such saturation has created a geographic issue for the entire and whole food industry.

Fifty percent of people have the Whole Foods company at one mile, while seventy-five percent have the corporation of Trader Joe's at five miles. In the same way, eighty percent of the Costco food supply chain is at a distance of ten miles. With this condition, people will prefer to contact with the closer supplier of the food chain, and it will ultimately affect the progress and revenue of the industry. However, whole Foods has established rewards and grants for those customers who visit from long distances. The years after 2008 are not suitable for the progress of the company. The company has faced a consecutive decline in net income in recent years.

In contrast to the Whole Food Corporation, other companies have increased growth. Kroger has experienced a 50% increase in its business. Whole Foods was unable to combat the competition in sales from 2013 to 2015. The quarterly profits of the company also fell drastically. To control the loss, the company has taken certain initiatives. The reduction in sales, administrative expenses, and other expenses was an attempt to enhance the business's profit. The corporation has eliminated around two thousand employees to reduce the burden of the payment (Johnston, 2008). It also reduces the costs of food and discounts on costumes. The company is tackling the issue of external loss by broadening its network. The introduction of the 365 small stores in various states is an attempt to overcome the crises of loss. The cheaper stores are more affordable centers for the people in big cities.

The analysis of the broadening of business by the whole food market shows a positive response from the people. After the establishment of these stores, the company will thoroughly examine the status of the profit and loss of the new stores. The changing demographics, along with the recent development in different sectors of the international market, pose real challenges to food companies. Awareness of these problems is essential for the management to combat the competitors. The warning given to the company by US health regulators over the food safety measures has spread negativity in the eyes of the public. Economic factors and forces are also affecting the food industry, causing low and declining food prices. The deflation is impacting and slowing the food industry's business.

The whole food company needs to be careful of all those changing socio-economic determinants. The analysis of [Porter's five forces](#) perspectives reveals that for Whole Foods, the competitors are the most problematic elements. The rivalry became intense, and the company would have to adopt certain defensive strategies. The power of bargaining is associated with danger, and it is consistently influencing the competition in the industry (Ottman, 2017). People have the perception that whole food competitors are offering the same natural products throughout America. These individuals can switch to other firms in the food chain because of low prices. They are mostly unaware of the quality of the food. The pilot loyalty program of the porter can be a tool to reduce the power of the buyer. The establishment of the rewards program will theoretically restrict the customer from leaving Whole Foods' supply chain.

The whole food industry has become late in launching certain programs and applying different theories. The customer will perceive the entire food as an organization and show loyalty, which is a question for management because there is increasing awareness among the people. Rearranging the retail pricing while analyzing the combined rivalries will provide benefits to Whole Foods (Schill, 2017). The company can control the bargaining power of the customer by applying a decentralized and empowered culture. The store in any locality must have the autonomy to decide the prevailing culture of the respective place. The stores can customize the products according to the demands and the trends of the locality. The unique products that are chosen by the leaders of the teams can come from local, national, or international suppliers. The partnership with facility providers for the production of coffee, condiments, and cheese will affect the business of whole food.

The integration of the diverse dynamics of the suppliers has provided the whole food industry with the ability to control the movement of the risk factors in supplying the products. International grocers are also arriving in America, which poses a threat to the whole food market. The research and analysis of the Deutsche Bank companies from Germany are rapidly planning to open five hundred stores in the USA. Aldi and Lidi are the two companies entering America's business environment. The lower prices of both companies have posed a real threat to the whole food corporation, which is already weak. Amazon has started its online business in collaboration with many industries. If Amazon became successful in establishing the online business, it would profoundly affect the new small store idea of the whole food market.

At present, there is no threat of substitutes because organic food has no alternative in the market. Whole Foods should place its focus on competitors as people are still using organic food. For external factors, the company needs to understand the forces of economics, society, and the environment that revolve around the food industry. The company will have to look at the food prices that are influencing the inflationary or deflationary moves (Schnorr, 2016). The deflation of the costs will increase the number of customers buying organic food. The prices of the food rely on the overall culture of the wealth. The value system of organic food is also essential for the company as purchases will be prevalent in society. The corporation of whole food must consider the extreme weather, climate change, and the perspective of increasing pollution.

Conclusion

In concluding the discussion, Whole Foods Corporation's competitors are rapidly increasing, and they will affect the position of the company. The analysis of the corporation after the year 2008 shows that certain disruptions are occurring in the finances, production, functions, market, and organizational sectors of the whole food industry. Over the last few years, the company has faced a decline in business due to increasing competition and changing social trends. The company is required to benefit from the intriguing strategic location and to employ practical measures to improve the business of the corporation.

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