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An IMC Campaign for

*Wegmans*

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## Executive Summary

Wegmans Food Markets is a grocery retailer that has enjoyed considerable and enduring success while displaying wisdom through adaptability. Based on an evaluation of the company's sales, markets, as well as consumer trends, an integrated marketing communications plan has been developed for the implementation of a campaign to capitalize on the growing demand for organic food in Wegmans' New York State markets.

While Wegmans serves market areas in six states, this IMC plan is focused on the regions of New York in which Wegmans operates; Buffalo, Rochester, Syracuse, Southern Tier and Finger Lakes. As the focus of this plan is simply expanding consumer preferences, Wegmans' current customer base makes up the target market. This market contains three important segments; those who currently purchase organics regularly, occasionally, and not at all.

At Wegmans, the natural growth rate of organic product sales has been surging to anywhere from 15-25% in the past five years. This rate has been consistently double that of the total company growth experienced by Wegmans in that same period. In the past year alone, Wegmans has generated around \$100 million in revenue from organic products alone. The fact that these growth numbers have occurred without any concentrated marketing effort is arresting and goes a long way towards disproving the nagging idea that organics are not worth the added price when compared to their inorganic counterparts.



This campaign aims to increase the sale of organic products by launching an informative campaign that educates customers on the subject of organics and empowers them to make their own best shopping decisions. This includes sales objectives of increasing total organics sales as well as the organics share of total produce sales. Additionally, increasing first-time trial and repeat purchases will be prime considerations. Finally, campaign awareness and digital interaction will be monitored throughout.

The IMC tactics in this plan span print, television, online, social media, special events and more. These many independent strategies will work together and in harmony with Wegmans' core values to create a thorough approach to accomplishing the objectives. The tactics implemented in this campaign will rely primarily on the assets Wegmans currently has at its disposal.

Wegmans' greatest asset, its service staff, will be at the forefront for several of these tactics. Specific campaign tactics include; the Wegmans Organics Convention, a new Twitter persona for Wegmans' Organic Chefs, a cooking video series for YouTube, a new Organics portal on Wegmans.com, expanding to farmers markets, a series of features in *MENU Magazine*, and sharing the Wegmans Organic Research Farm with store employees.

Wegmans has an incredible opportunity to dramatically increase sales of a category of products that is already experiencing rapid growth. It is reasonable to expect that, in the next year, the natural growth rate of organics sold at Wegmans can be doubled.

“U.S. sales of organic food and beverages have grown from \$1 billion in 1990 to \$26.7 billion in 2010. Sales in 2010 represented 7.7 percent growth over 2009 sales. Experiencing the highest growth in sales during 2010 were organic fruits and vegetables, up 11.8 percent over 2009 sales.”  
- *Organic Trade Association's 2011 Organic Industry Survey*



## Introduction

Wegmans Food Markets is a large, privately owned grocery store chain, originating in Rochester, NY. Founded as a produce stand in downtown Rochester, N.Y. in 1916, its stores are modeled after European open-air markets. The company operates 79 stores in six states; New York, Pennsylvania, New Jersey, Virginia, Maryland and Massachusetts. Wegmans boasts an incredible market share in N.Y. State, particularly in Rochester (a whopping 54%).

Wegmans has become immensely popular in its markets and has developed an intensely loyal consumer base. It has also developed an extensive and high-quality house brand (“Wegmans” brand) which continues to sell nearly as well as corresponding national brand items and in some cases better. While offering extensive grocery shopping services, Wegmans has branched into several specialty areas including gluten-free and organic products.

Wegmans maintains a highly ethical reputation and has been on every one of Fortune’s “100 Best Companies to Work For” lists since the list’s inception in 1998. Wegmans reached #1 in 2005 and, most recently, #4 on the 2012 edition. Wegmans currently employs over 42,000 people.

This can be attributed to Wegmans’ devotion to its core values. A commitment to making a difference, empowerment, respect, caring and high standards has manifested itself time and time again throughout Wegmans’ long history.



In 2007, Wegmans sowed the seeds for what will become the next great Wegmans initiative. 2007 marks the foundation year of the Wegmans Organic Research Farm in Canandaigua, N.Y. This farm was created a laboratory of sorts for experimenting with organic growing techniques and best practices. The farm has since developed to the point of being able to supply nearby Wegmans stores with company-grown organic products.

# *Situation Analysis*



## Product and Service Analysis

Wegmans' product offerings include over 70,000 products compared to the industry average of 40,000 (over 300 varieties of cheese!). These products can be found in any of over a dozen departments including many specialty and restaurant quality prepared food departments including; pizza, sushi, wokery, fresh and commercial bakeries, international grocery, and the all natural Nature's Marketplace. Wegmans essentially offers the comprehensive grocery shopping experience.

Wegmans' product offerings are mostly inorganic, but the company has been expanding its organic offerings in response to recent trends and sales growth figures.

Aside from the varied product offerings, Wegmans works hard to deliver the optimal shopping experience to consumers. The company is known for offering a passionate and knowledgeable service staff, and a unique grocery shopping experience. The family-owned company prides itself on "*making great meals easy,*" offering "*food you feel good about,*" and promising that "*every day you get our best.*"

Additionally, Wegmans offers its Shoppers Club program, an incentives initiative, allowing for customers to gain access to periodic in-store sales promotions, as well as direct mail coupons. In order to meet the evolving needs of consumers, Wegmans developed an iPhone app for on the go shopping list creation, and recipe information.

Such devotion to its customer base has garnered much acclaim for Wegmans in the form of awards, good press and most importantly, intense loyalty and adoration from shoppers. These products and services combine to be the greatest assets and competitive advantages for Wegmans.

## Market Analysis

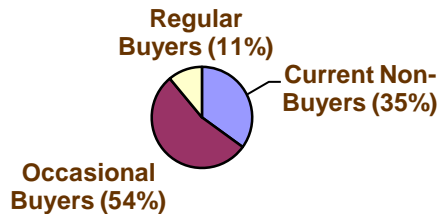
Wegmans serves primarily suburban female grocery shoppers. The company's 79 locations are located in six states; New York, Pennsylvania, New Jersey, Virginia, Maryland and Massachusetts. The highest concentration of stores lies within Western and Central NY. Here, the key geographic areas are:

- Rochester (17 stores)
- Buffalo (11)
- Syracuse (9)
- Finger Lakes (6)
- Southern Tier (4)

These areas represent a combined population of over three million people. All stores are situated in the outlying suburbs of major metropolitan centers.

Current Wegmans shoppers in these areas are the target market and they are separated into three main groups; those who do not purchase organics, those who occasionally do, and those who regularly do. These segments are identical aside from their preferences, beliefs and values regarding organic products.

### **Market Segments**



*Chart: Research shows that 65% of shoppers have at least dabbled in purchasing organics. "Occasional Buyers" represents survey respondents answering either 'Rarely Buy' or 'Sometimes Buy,' while "Regular Buyers" represents respondents answering either 'Often Buy' or 'Always Buy.' "Current-Non Buyers" represent those who 'Never Buy.' For more survey results, consult the Market Research section of this report.*

#### Segment 1: Current Non-Buyers

These Wegmans shoppers choose to avoid organics for any variety of reasons including but not limited to; unwillingness to pay higher prices and skepticism towards organic benefits.

#### Segment 2: Occasional Buyers

These Wegmans shoppers have at least dabbled in trial purchase. They see an added utility in organics which occasionally empowers them to pay the higher price. Consumers in this segment aspires to purchase more organics, but are generally repelled by the price.



### Segment 3: Regular Buyers

These Wegmans shoppers buy organics on a regular basis. They see an added utility in organics which empowers them to pay the higher price. For this segment, the price difference is justified.

Research shows that the following attributes are key descriptors for Wegmans' target market:

*Geographics The following describe the key market areas for this campaign*

- Lives in existing Wegmans markets in NY State (approximately 3 million people)
- Buffalo, Rochester, Syracuse, Southern Tier, Finger Lakes
- Suburbanized towns/neighborhoods

*Demographics The following are basic descriptors of the typical Wegmans shopper*

- Female
- Age 25-64
- Married with children
- Household income of \$70,000 or more
- Some college experience – 47% have either a Bachelor's or Master's degree

*Psychographics The following attributes are factors causing consumers to want to shop at Wegmans*

- Primary household shoppers feel empowered to shop for quality groceries
- Discerning shoppers who seek the best, and are generally willing to pay for it
- Those who see Wegmans as a source of quality that provides adequate utility for the cost
- Shoppers desire to complete grocery shopping in one location

*Behaviors The following are practices commonly observed in Wegmans customers*

- On the lookout for new meal solutions
- Seek some balance between saving money and buying "the best"
- Health consciousness

*Needs The following are demands that must be met to keep Wegmans customers satisfied*

- *Convenience* – Wegmans offers staple and specialty products, creating a comprehensive one stop shopping experience.
- *Reliability* – Wegmans offers Everyday Low Pricing, meaning the prices for many popular products are fixed at the lowest possible point year round.
- *Service* – Wegmans has a reputation for providing a passionate and knowledgeable service staff.
- *Variety* – Wegmans stores offer as many as 70,000 different products compared to the industry average of 40,000.

## Market Trends & Growth

*Informed by Supermarket News, BrandSpark and Wegmans' own Marketing and Advertising Department*

### *Rising food production costs*

Costs of energy, fuel, feed, packaging and food safety are all on the rise and these costs get passed along to consumers. This change is tied to the surging US population, which rose 9.7% in 2010. (Supermarket News)

### *Frugal consumers*

The Baby Boom generation is still the largest grocery purchasing generation and 63% of these customers spend up to three hours per week searching for deals online. Other popular money saving techniques have included coupons, shopping lists and trading down in quality.

### *Quickly growing market for organics*

While this seems to contradict the previous trend, at Wegmans, the growth rate for organics products has been double the rate of the Wegmans company as a whole. This suggests that organics are one of, if not the, fastest growing segments of groceries for Wegmans.

“68% of customers expressed increased concern about chemicals in food products”

“70% are motivated to buy products that are better for the environment, but only 40% are willing to pay more for those products”

- BrandSpark *American Grocery Shopper* (2009)

### *Increased emphasis on “farm to fork”*

Consumers are becoming increasingly interested in the origins of their food. This has meant great business for retailers that have aided consumers in buying local or organic.

### *New male shoppers*

The nation's economic issues have caused more men to stay home. More men are performing grocery shopping and according to a 2011 Bureau of Labor Statistics report, 41% of men are doing the home food preparation, double the percentage in 2003. (Supermarket News 2012)

### *Trend Summary*

Generally, the economy has been a major driving force behind these trends. While the recession has caused many to tighten their purse strings, there is another considerable group of consumers who have simply become more discerning about their purchases. The economy has also affected families (Wegmans' primary customers), including the role of the father, who stays in the home more often than ever before.

## Distribution Network Analysis

Products arrive at one of nine Wegmans distribution centers (all located in New York or Pennsylvania) directly from the farms or manufacturers. Products are then shipped by Wegmans trucks to Wegmans stores.



Wegmans creates an advantage for itself by operating its own distribution centers, and therefore controlling as much of the distribution chain as possible without having to be the sole manufacturer.

When it comes to sourcing, Wegmans is proud to buy local as often as possible unless it must search a greater area in order to meet its high standards for quality. For example, Wegmans gets its organic chicken from southeastern Pennsylvania and its organic pork from Canadian provinces bordering the U.S., but in order to get the best beef, Wegmans goes as far as Uruguay.



## Competitive Analysis

Wegmans has five notable competitors in this market. Three of these competitors share a target market, and two have their own.



### **Lexington Co-Operative Market**

- Prices are generally higher than traditional grocery stores, members pay an \$80 lifetime membership fee
- Targets buyers of local and organic products living in or near downtown Buffalo including professionals and college students
- Lexington Co-Op offers many organic and locally-produced items from over 100 local sources
- Lexington Co-Op is Western New York's only full-service whole foods grocery store

Lexington Co-Operative, while not a dominant retailer, enjoys the loyalty of its patrons along with its positive reputation. The Co-Op is limited in scope. It has only one location and awareness in the community is not very high at only around 50%. However, among those in the know, the Co-Op is a great benefactor to the Buffalo community as its commitment to the local farmers is evidenced by its extensive local offerings.



### Target

- Prices are comparable to Wegmans
- Target's Market is generally the same as Wegmans, chain is located in some urban locations as well
- Standard Target locations offer mostly non-perishable groceries; Super Target locations offer full grocery shopping
- Target's groceries largely come from third party-owned distribution centers
- Target offers a wide variety of general merchandise, comparable to Walmart, and is the second largest retailer in the United States

Target, similar to Wegmans, has a very positive reputation and consumer perception. Although its "Super" store locations offer complete grocery shopping, its big-box general merchandise offerings allow it to provide ultimately a greater selection of goods than Wegmans. For this same reason, Target will never be seen as a dedicated grocery store or authority in the grocery retail industry the way Wegmans, being a grocery retailer, has been.

Target operates internationally, and in nearly 2,000 locations serving most of the continental United States.



### **TOPS**

- Prices are comparable, but public perception is that they are generally higher than Wegmans
- Native to Williamsville, NY, TOPS serves the same market areas as Wegmans
- TOPS can often reach more consumers in rural areas than Wegmans
- TOPS offers complete grocery shopping and prepared food services, as well as a popular customer loyalty program (Bonus Card)
- Owns a distribution center in Lancaster, NY
- TOPS owns the third best market share among Rochester area grocers (14.6%)

TOPS Friendly Markets operates over 130 locations in New York and Pennsylvania. In the late 1980s, TOPS introduced the slogan, "TOPS never stops... Saving you more." The slogan has undergone several changes and is currently, "Your Neighborhood Store, with More." TOPS reaches many consumers by operating in some smaller, more rural areas than Wegmans does.

Despite some recent trouble resulting in store closings, TOPS still has expansion and remodel plans including incorporating local favorites such as Anchor Bar and Tim Hortons products.



### **Trader Joe's**

- Trader Joe's pricing is competitive due in part to operating smaller, plainer stores
- Relatively new competitor to the existing Wegmans markets but is currently expanding to the Rochester area
- Trader Joe's shoppers are looking for niche products (organic, vegetarian, gourmet) as those are the primary offerings of the chain
- Stores typically offer only around 4,000 products (mostly house brand), specializing in organic, gourmet and vegetarian items
- Trader Joe's manages to skip the middle men of the distribution chain by buying its products right from farms and manufacturers, and like Wegmans, offers an extensive house brand

Trader Joe's operates around 365 locations in 31 states from coast to coast. It was ranked #21 in *Supermarket News'* Top 75 Retailers of 2011. Trader Joe's targets a niche market and has earned a reputation for being highly ethical and environmentally friendly. Joe's offers a variety of specialty products in addition to staple foods.

With Trader Joe's, a well regarded organics retailer soon entering the Rochester area, it seems to suggest that competition for the organic crowd will heat up in the Wegmans markets of NY State.



### **Walmart**

- Walmart is known for having the lowest prices, and consumer perception perpetuates this
- 17.2% market share in Rochester, NY (second best)
- The target market for Walmart generally consists of consumers with lower income or those for whom price is the only decision making factor
- Walmart offers complete grocery shopping including fresh produce and prepared foods in its “Super” store locations
- Like Target, Walmart offers a wide selection of general merchandise in addition to groceries
- Walmart’s quality and business practices frequently come under scrutiny

Walmart is a chain of large discount department stores. It is the largest grocery retailer and general retailer in the world. “Save money. Live better.” is the current slogan. Walmart offers “always low prices,” similar to Wegmans, and focuses its efforts on providing the most popular products at the best possible price.

Analysis of Wegmans’ competitors make the question of “which offers the best value?” a difficult one to answer. Prices are generally competitive amongst these companies, and it is not clear how Wegmans’ reputation, which tends towards quality over value affects this.



## Current Financial Situation

As is the nature of the grocery industry, it is generally recession proof, and Wegmans continues to enjoy a very strong financial standing. In fact, in 2012, Wegmans was ranked as the 55<sup>th</sup> largest privately held company according to *Forbes*. Also consistent within the grocery industry is the reality that companies operate on thin margins, and Wegmans is no exception with around a 7.5% gross margin.

Wegmans made \$6.2 billion and sold over \$2 Billion worth of Wegmans brand products in 2011. The company continues to experience steady growth each year, and more importantly, the growth rate for organic products has been consistently double that of the overall store growth. This dramatic increase in organics sales over the past several years amounted to \$100 million in 2011.



## Historical Marketing Efforts

Like any company, Wegmans has made business missteps, but the company's marketing virtuosity has yet to let them down. Wegmans currently deploys initiatives started decades ago that continue to play integral roles. These successful initiatives have worked wonders for Wegmans including; creating buzz around the brand and making the shopping experience more convenient for customers. The fact that these initiatives have remained in use year after year also indicates their worth.

Likely the closest Wegmans has come to a marketing failure is the debate and subsequent public indecision over whether or not to shelf the Alec Baldwin campaign in response to public outrage over his behavior. Ultimately, Wegmans has left the door open to continue working with Baldwin in the future.

Wegmans has the great advantage of building lasting trust and loyalty among its customers through its marketing initiatives. Most of the above efforts have been all about celebrating the consumers in Wegmans communities. Whether it's prestige (LPGA), or more basic functionality (Shoppers Club, WCLP), Wegmans' marketing has always been about giving its communities a sense of pride for their favorite grocery store.

On the other side of things, the decision to use a celebrity as big in stature, not to mention as polarizing, as Alec Baldwin has been questioned by some. While the celebrity spokesman has created significant buzz for Wegmans, with all the added attention was bound to come scrutiny. This scrutiny has not amounted to outright failure, but the situation does mark a noticeable shift from simple, feel good campaigns in favor of, dare I say more superfluous and indulgent fare.

A detailed examination of past marketing efforts begins on the following page.

### **Wegmans LPGA Event (1977 – present)**

Description: Wegmans sponsors an annual Ladies Professional Golf Association event in Henrietta, NY.

Effectiveness: This event has granted exposure through national television coverage and partnering with international companies.



### **Wegmans Shoppers Club Card (1990 – present)**

Description: Customer loyalty card that grants customers access to “club” savings. Product recall alerts and other communications are also initiated through the program.

Effectiveness: Shoppers Club membership has steadily risen since inception, which shows strong customer reception.

### **Product Placement in *The Office* (2007 – present)**

Description: Wegmans products have been appearing frequently in the hit NBC sitcom for the past several seasons.

Effectiveness: The national primetime television exposure has created excitement about the brand in its existing markets as well as granted brand exposure in non-Wegmans markets.

### **\$6 Meals (2009 – present)**

Description: Convenient and reliably priced meals that customers can assemble from a set list of prepared foods.

Effectiveness: These meals have become very popular as a convenient take-out dining option. The program has expanded to include alternative \$8 and \$10 meals.

### **Eat Well. Live Well. (2009 – present)**

Mission: “To inspire and support each other to enjoy healthier better lives using four simple ‘eat well live well’ principles:”

1. Strive for 5 cups (of fruits and vegetables)
2. Get Moving
3. Calories Count
4. Measure Progress

Effectiveness: EWLW has grown since its inception and now includes an “Eat Well. Live Well. Challenge.” encouraging participants to log their progress online. This initiative has garnered press and good will.

### **“Living Gluten-Free With Wegmans” (June 2, 2009)**

Description: Gluten-Free awareness event for the public including gluten-free cooking demos, sampling from over 40 vendors and goody bags for attendees. The celebration also included a celiac disease education session for employees.

Effectiveness: The event drew a sold out crowd, requests for additional events, and participation from the National Foundation for Celiac Awareness.

### **TV Spots starring Alec Baldwin (2010 – present)**

Description: Commercials featuring the film and television star have highlighted various offerings from specialty holiday baked goods to \$6 Meals.

Effectiveness: Similar to the product placement in “The Office,” these ads have created buzz around the brand. Reactions have been both positive and negative. Recently, Wegmans has wrestled with the idea of ending the campaign due to public outrage over Baldwin’s behavior.

### **WCLP Top 40 (2011 – present)**

Description: “Wegmans Consistent Low Prices” depicted like a radio station (WCLP Top 40). To help meet the budgetary needs of families, Wegmans froze the price of the top forty family items for an entire year. The campaign added a new Winter list at the end of the year.

Effectiveness: Wegmans continues to update the Top 40 list of products included in this promotional campaign, and though it is still a rather new initiative, feedback from customers has been positive and thankful.

## Macroenvironment

Wegmans must consider the following macroenvironmental factors as it moves forward with this plan. These represent the key opportunities and threats to the impending campaign.

### *Demographic*

While the Baby Boomers are still the leading grocery shoppers, there has been a slight shift in family settings which has seen men taking more responsibility in shopping and food preparation duties. As grocery retail marketing has traditionally been aimed at women, there could possibly be a need in the near future to produce more gender-balanced marketing.

### *Economic*

Many still feel the pinch of recession even though the worst seems to have come and gone. Wegmans has dealt with this by implementing programs to aid in the budgetary needs of families. It does not help that the WNY markets in which Wegmans operates have been hit especially hard.

In a somewhat unintuitive development, interest in and money spent on buying organic products has only increased. This is where Wegmans can make major strides with an organics campaign focused on helping customers make informed decisions about what they purchase. Perhaps this represents the rise of not only the more frugal shopper, but the more discerning shopper as well.

### *Natural Forces*

The costs of food production have been on the rise. These costs include primarily energy costs as well as fuel, livestock feed, packaging and food safety and they are not getting any cheaper.

Also, as per the state of the industry, the grocery business operates on a thin margin. Therefore, any major shortage caused by natural or manmade forces can severely cut into what a grocery store can offer and sell.

### *Trends and Tastes*

Having to regularly deal with society's changing food tastes is also an issue. While interest in organics seems to be growing steadily, that could change tomorrow and Wegmans (with all other grocers) would have to adapt.

### *Social & Cultural*

Concerning organics, a BrandSpark study shows that consumer wariness of chemicals in food products and the desire to make more environmentally friendly purchases have both been on the rise in recent years.

### *Legal & Ethical*

Legally, "organic food fraud" has become a heated issue in the organics community. Despite the USDA's strict guidelines, there are still instances of consumers unknowingly purchasing products wrongfully labeled as organic. These offenses could easily increase consumer uncertainty and skepticism regarding organics. For the sake of transparency, labeling of the products featuring organic or natural benefits must be crystal clear.

# SWOT Analysis



## SWOT Analysis

The following SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is a summary of information contained in the situational analysis.

### **Internal**

There are various internal factors (strengths and weaknesses) to be aware of heading into this campaign. It is important to identify them in order to maximize the effect of the strengths while minimizing the weakness. The following is a breakdown of the company's current strengths and weaknesses:

#### *Strengths*

1. Wegmans' greatest strength, according to nearly every source, is its workforce of over 42,000 passionate and knowledgeable employees
2. Offers unmatched variety and specialty items including (among many other things); organics, gluten free, sushi, and other restaurant quality prepared foods
3. Reputation for caring and ethical behavior, as evidenced by its yearly listing among *Forutne's* 100 Best Companies to Work For
4. Wegmans' renowned marketing virtuosity has allowed it to adapt quickly to changing market needs
5. The upscale store design and aesthetics combine with the selection and service to give Wegmans a reputation for high quality shoppers

#### *Weaknesses*

1. Geographically, Wegmans is currently isolated to six Eastern/Atlantic states
2. Somewhat inaccurate perception that prices are consistently higher than those of other chains
3. Wegmans' house brand is overextended in some areas, causing frustration among customers about the lack of a national brand option
4. Wegmans' pricing policy and margin requirements have created a strained relationship with vendors

### **External**

In addition to the many internal considerations for Wegmans, several external factors (opportunities and threats) may also play a role in this campaign. These will identify items on which Wegmans can capitalize as well as those which could limit the campaign.

#### *Opportunities*

1. Demand for organics is surging
2. Appreciation for buying local is a growing trend

#### *Threats*

1. The industry wide issue of having thin margins makes major price promotions difficult
2. Rising costs of food production
3. Higher cost of organic products

## SWOT Action Plan

*Overcome weaknesses to pursue opportunities*

<i>Pursue opportunities that fit with strengths</i>	<u>Strengths</u>	<u>Weaknesses</u>	<i>Establish a defensive plan to minimize threats</i>
	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Product Variety</li> <li>• Sterling Reputation</li> <li>• Marketing Virtuosity</li> <li>• In-Store Experience</li> </ul>	<ul style="list-style-type: none"> <li>• Geographically Isolated</li> <li>• Perception of High Prices</li> <li>• Overextended House Brand</li> <li>• Love/Hate Vendor Relations</li> </ul>	
<i>Pursue opportunities that fit with strengths</i>	<u>Opportunities</u>	<u>Threats</u>	<i>Establish a defensive plan to minimize threats</i>
	<ul style="list-style-type: none"> <li>• Surging Organic Demand</li> <li>• Buying Local Trend</li> </ul>	<ul style="list-style-type: none"> <li>• Slim Margins</li> <li>• Rising Food Production Costs</li> <li>• Organics Not Cheap</li> </ul>	

*Minimize vulnerability to threats using strengths*

### *Overall Campaign Goal*

Wegmans can overcome any economic threats by leveraging all the great assets that it has: great service, sterling reputation, rabid customers and endless amounts of good will. These will be particular assets for pursuing the growing organics market. Wegmans is in the position to:

*Increase sale of organic products by launching an informative campaign that educates customers on the subject of organics, empowering them to make their own best shopping decisions.*



## *Campaign Objectives*



## Marketing Objectives and Issues

The objectives for this campaign should aid in continuing the dedication to Wegmans' mission statement:

“At Wegmans, we believe that good people, working toward a common goal, can accomplish anything they set out to do.

In this spirit, we set our goal to be the very best at serving the needs of our customers. Every action we take should be made with this in mind. We also believe that we can achieve our goal only if we fulfill the needs of our own people. To our customers and our people we pledge continuous improvement, and we make the commitment: ‘Every Day You Get Our Best’”

### **Financial Objectives**

The financial objectives for this campaign were established through analyzing the growth of the organics sales in the Wegmans markets and then setting ambitious yet attainable goals that can be attained through strategies and tactics.

1. Increase total organics sales by double the expected natural growth of 20%
2. Increase the organics share of produce sold by 12%

#### *Keys to success addressed in this plan*

- Employees in the relevant departments must be well-versed in their products to advise customers appropriately
- Customers must be empowered to buy whether this comes from the service staff or other informational outlets

### **Marketing Objectives**

The following marketing objectives were designed identify the impact of the customer engagement elements of this campaign.

1. Reach 25% trial rate among the “current non-buyers” segment
2. Increase repeat purchases among “regular” and “occasional buyers” segment by 10%
3. Attain 50% awareness of campaign by end of the campaign year

#### *Keys to success addressed in this plan*

- Campaign materials should leave customers feeling more enlightened about organic products than they were before
- Tactics should encourage trial and confidence in buying new or unfamiliar products
- Tactics should be engaging and create memorable experiences if possible

### **Critical Issues to be mindful of while working towards the above objectives**

1. Wegmans operates on a thin margin, making major price promotions difficult
2. Organic products are more expensive for consumers and will not appeal to those for whom price is the only factor

# Marketing Communications & Creative Strategy



## Marketing Strategy

Wegmans is committed to extending its authority and influence in the grocery industry to organic products. The strategies in this section will help make this goal a reality. The following are key performance areas that will be important to the campaign.

- Customer service, particularly in the relevant organics department (Nature's Marketplace, Dairy, Produce, Meat and Seafood).
- Company Chefs
- Consumer Affairs
- Marketing and Advertising

### **Target Marketing**

The Situation Analysis explained that Wegmans' market has been divided into three segments for this campaign; regular buyers of organic products, occasional buyers, and current non-buyers. These segments are nearly identical, the key dividing factor being their grocery shopping values and opinions on organic food. This campaign includes ways of stimulating those on all sides of the issue in the interest of accomplishing the objectives.

- **Current Non-Buyers:** Typical suburban Wegmans shoppers living in Buffalo, Rochester, Syracuse, Southern Tier and Finger Lakes regions. These consumers avoid organic products for many reasons including skepticism of organic benefits and unwillingness to pay extra for items they don't see as worth it.
- **Occasional and Regular Buyers:** Also typical Wegmans shoppers in the suburbanized areas of the above NY regions. These consumers have at least dabbled in organic purchases and are informed enough to see the utility of buying organic.

### **Positioning**

While there is some polarity in the public opinion of organics, more and more people have been willing to try them. However, there are still a considerable amount of consumers who avoid these products altogether. For years, Wegmans has been designed to meet the following needs: convenience, reliability, service and variety. Wegmans has a major advantage over competitors as it employs a renowned body of employees who make shoppers feel comfortable trying new things. Along with great service, Wegmans offers consistent pricing, enticing variety, and a memorable in-store experience. These are important advantages to consider when positioning organics products for Wegmans.

“There's universal agreement that Wegmans' “healthy” sections are staffed by knowledgeable associates who give shoppers the confidence to buy.”

- Warren Thayer of *Refrigerated & Frozen Foods Retailer Magazine* (2008)

## Marketing Mix

### *Products*

Wegmans' service and wide variety of products enables customers to do all of their shopping in a single place, feel good about their grocery shopping experience, and do it all for competitive prices. Wegmans' offerings boil down to the following key points:

**One Stop Shopping** – Offering all manner of perishable departments (produce, bakery, deli, meat, seafood, etc.), along with a superior selection of non-perishable grocery items allows customers to make all of their necessary purchases in one location.

**Customer Service** – The Wegmans workforce is always a key talking point in any discussion of the company. The services staff tends to make customers feel more comfortable in the store and empowered to buy.

**Total In-Store Experience** – The product variety and service combined with store aesthetics, give shoppers a high-quality and memorable shopping experience.

### *Pricing*

Wegmans primary pricing strategy is “everyday low pricing,” or “value pricing.” This means most products are offered at the lowest possible fixed price year round. This is good for shoppers as it means prices stay fixed at reliably low levels. This allows customers to buy items whenever they want regardless of whether there is a sale or coupon available. It is good for Wegmans as well, as the steady and reliable prices mean less money spent on marketing.

The market is well developed at this point and though there are many competitors, only Walmart seems to truly embrace the EDLP pricing strategy Wegmans employs. As customers seem to be relatively insensitive to Wegmans' prices (research indicates that while 94% prefer to shop Wegmans, only 15% expect to find the best prices there), it is recommended that pricing practices for this campaign continue on unchanged. It is currently low enough for shoppers to rely on, and it saves Wegmans in marketing costs by limiting price fluctuation.

### *Promotions*

In the past, Wegmans has had success promoting its products through such tactics as special events, advertising, and loyalty-building pricing initiatives. This campaign will integrate its message through several channels, both traditional and new:

**Advertising** – *MENU Magazine*, Television \and outdoor billboards. These are among the more traditional advertising channels and have all worked for Wegmans in the past.

**Public Relations** – Consumer interaction through special events, farmers market presence, digital initiatives and further employee education. While the digital and farmers market tactics are fairly new to Wegmans, special events and highly evolved customer service have been incredibly successful tactics going back many years.

Direct Marketing – The farmers market and direct mail coupons are the primary direct marketing efforts. The Twitter tactic, “WegmansOrganicChef” following current Wegmans followers, also has a direct marketing element as it will be a source of individual consumer interaction, but its ability to translate to in-store sales will not be particularly measureable. All other tactics will require at least some level of active engagement by the consumer.

Promotions and Events – This campaign involves a convention, sampling and an “‘All Prices Equal’ Day.” Lowering the prices of organic products across the board to their counterpart product levels has not been attempted at Wegmans, but conventions have worked in the past and sampling has always been a staple tactic.

Product Marketing – *MENU Magazine* has and will continue to be used to market individual products. Sampling is the other key tactic for this and as stated before, it has always been a staple tactic.

Sales Force – Further employee education through trips to the Wegmans Organic Research Farm is the only key tactic concerning the sales force, but it does figure to be a profound initiative.

Digital – Twitter, Youtube and Wegmans.com are the key digital channels. Twitter represents the digital interaction elements of the campaign and the video series for YouTube will essentially serve as an online public relations and product marketing tactic. Wegmans.com is a key hub of the campaign but it is more of a database for convenience and archival purposes.

#### *Distribution*

Products have always been distributed to shoppers through the store locations. For this campaign, this will continue with the added element of the farmers market presence. This will take Wegmans back to its roots by selling products from the streets of downtown Rochester and potentially other such markets in the future. Including the Rochester Public Market and all NY Wegmans store locations, there will be 48 locations generating sales for this campaign.

The farmers market is an important new location for our products to be, as this will allow Wegmans to capitalize on the surging interest in local and organic produce, which have tended to be specialties of these types of markets.

## Creative Strategy

*Why advertise?* To encourage more first-time buyers as well as current buyers of organic and natural food products.

*To whom are we speaking?* Female shoppers in upper middle class suburban families with children earning a household income of over \$70,000 per year.

*What do they currently think?* These products are generally seen as slightly better but not good enough to justify paying more.

*What do we want them to think?* These are high quality products with psychic benefits that are worth the money. “Psychic benefits,” represents the additional satisfaction a consumer receives from purchasing an item of greater cost or perceived quality.

This is an educated campaign for educated consumers so the creative direction is helping people make well-informed decisions and presenting positive yet verifiable reasons that organics are good purchases. Call it “snob appeal” or “psychic benefit,” but the key is that we want consumers to feel good about buying organic.

*What is the single most persuasive idea?* Buying organic will make you proud because you chose the best for yourself, your family and your health.

*Why will they believe it?* Wegmans has established itself as an authority and thought leader in the food market industry. Wegmans has also strived to be a force of positive change in each community it operates within.

*Mandatories?* Wegmans’ name, logo, or “organics” logo must appear.



# *Strategies Statements & Tactics*





## Strategy Statements

The following strategies will aid Wegmans in increasing knowledge, interest in and ultimately sales for the variety of organic products offered.

1. Advertising Strategy: Wegmans will use advertising to educate consumers and gain the necessary campaign awareness indicative of success.
2. Public Relations Strategy: By reaching customers in and expounding on the values of organics in new and diverse ways, Wegmans will position itself as the most authoritative retailer in the field, and the primary source of organic information for grocery shoppers.
3. Digital Strategy: By treating the digital space as portal for educational material and interaction, this campaign will offer an online experience as informative and convenient as the in-store experience.
4. Promotional Strategy: Acting on research-proven tendencies and minimizing consumer risk in seeking new meal solutions, Wegmans will increase repeat purchases from current buyers and trial among current non-buyers.



## Advertising Tactics

Focus: Marketing Objectives 1, 2, 3

The following advertising tactics serve the purpose of creating awareness among Wegmans' consumer base of the company's organic offerings.

### *MENU Features* (Sales Objectives 1, 2; Marketing Objectives 1, 2)

Four one page features will be run, one in each edition of Wegmans' own *MENU Magazine* during the campaign year. This is the perfect pairing of advertising and venue. The initial article (Appendix B), focuses on current perceptions of organics, what makes products "organic," and the organic offerings that can be found on Wegmans shelves. Those who subscribe to *MENU* are already Wegmans shoppers and interested in reading about new meal solutions. It is essentially a captive, willing audience looking for new meal solutions and now they will be exposed (or perhaps further exposed) to more organics-centric content. The features will also be posted digitally on the Wegmans.com main page, Wegmans Fresh Stories blog, Facebook and Twitter.

As *MENU* only directly reaches those who read the magazine, it may not be one the more effective tactics for generating recall among customers. However, as it is an informative tactic, it is likely to empower customers with organics knowledge that can later lead to a sale.

### *30-second TV Spot* (Marketing Objectives 1, 2, 3)

The spot, featuring Alec Baldwin, will be similar in structure to recent Wegmans spots such as the Holiday and \$6 Meal spots. It will feature voiceover work that will deliver information aligning with the rest of the campaign played over shots of store interiors, customers interacting with employees and organic products, concluding with a Baldwin one-liner. The spot will also be posted digitally to Wegmans' YouTube account and Fresh Stories blog.

The spot will be run on each market area's local ABC, NBC, CBS, and FOX affiliates during the morning news, daytime and prime day parts.

This spot will serve to draw attention to the campaign with the help of Baldwin as a major celebrity spokesperson.

*Storyboard on next page.*

Storyboard:



**VO:** Looking for a fresh take on your diet? Try organics.

(Shots of store interior and Nature's Marketplace department – 4 seconds)



**VO:** Wegmans offers over 200 products grown on USDA-certified organic farms.

(Close-ups of individual products – 6 seconds)



**VO:** Wegmans always strives to bring you food you feel good about, and now you can find many of your favorite items the way nature intended them.

(Shot of customers interacting with employees – 10 seconds)



**Baldwin (on camera):** Organics offer equal servings of brain and brawn. Hmm, sounds like someone I know...

(10 seconds)

**Billboard** (Marketing Objective 3)

This billboard will bear the image of a collage of products that spell the word “ORGANIC.” It will be a clean white board with the collage centered and the Wegmans name and logo in the bottom right corner. A total of 10 boards will be placed throughout the target areas along major highways I-90 and I-390, and near the following airports:

- Buffalo Niagara International Airport
- Greater Rochester International Airport
- Syracuse Hancock International Airport
- Greater Binghamton Airport
- Elmira/Corning Regional Airport
- Ithaca/Tompkins Regional Airport

The billboards will gain attention and consumer recall for the campaign through repetitive viewing as they will all be located in the high traffic areas listed above.

Sample billboard image:



*Wegmans Food Markets*

## Public Relations Tactics

Focus: Sales Objectives 1 & 2; Marketing Objectives 1, 2, 3

These public relations tactics will diversify the ways in which Wegmans can reach its customers and spread its positive messages about organic products.

### “WegmansOrganicChef” Twitter Handle (Sales Objectives 1, 2; Marketing Objectives 1, 2, 3)

This Twitter handle will follow many of Wegmans’ followers and go out of its’ way to find followers with a more specific interest in organics. Daily organic recipes, advice and other tidbits will be tweeted from this account and followers will be encouraged to direct any and all questions to this persona.

This Twitter persona will be a way of interacting digitally with customers that should encourage purchases (both trial and repeat), as well as campaign recall.



### Organics Convention in Rochester (Sales Objectives 1, 2; Marketing Objectives 1, 2, 3)

Wegmans has the use of its own convention center in Rochester, N.Y., and will use it to hold an organics event. Farmers and vendors will be invited to make presentations and have booths to display their products. Selected bloggers will be invited to attend, including those who have attended similar events in the past and those who specialize in blogging about organic food. Customers who make up the top 30% of Wegmans’ customer base will be sent invitations to attend, and admission will be granted to others on a first come first served basis until the event is fully booked. In addition to the letters to be sent to the top 30%, messages will be posted to Twitter and Facebook to fill any remaining openings.

The letter will be sent at the campaign’s launch and the convention will be held Tuesday, August 21<sup>st</sup> 2012 in order to allow for anticipation to build. This is the suggested letter body:

*Wegmans is proud to extend to you this invitation to the first ever “Wegmans Organic Convention” in Rochester, NY.*

*Come try some great new foods and learn what makes the organic process so special. This convention will bring together organic farmers and vendors whose products are available in our stores. Experience dozens of booths featuring unique products and have all of your organics-related questions answered by experts.*

*The event will be held (date TBD) at the Wegmans complex on Market Street in Gates, NY. To formally accept this invitation, or for more information, please call 1-800-WEGMANS.*

Wegmans' first Organics Convention will be the "main event" of the campaign and the educational direction of the event will offer both answers and new experiences through trial that will create a memorable experience as well as empower customers to make in-store purchases.

**Farmers Market Presence** (Sales Objectives 1, 2; Marketing Objectives 2, 3)

Wegmans will open its own booths offering strictly organic products in the major farmers markets local to Wegmans territory. A four-month trial will be conducted at the Rochester Public Market. A contingency for extending the farmers market presence will be considered based on the booth's performance.

As this venue is a place where consumers come to shop, it offers a remote location for Wegmans to make sales as well as demonstrate to the community how important organics are to the company's future. According to a 1998 University of Rutgers study of farmer market patrons, only 12% said they "never" purchase organics at farmers markets. Noting this research and recent sales figures indicating a growing market for organics, it is implicit that these market patrons overlap substantially with the "organic crowd" making this an objective geared more toward Marketing Objective #2 than #1.

**Employee Bus Trips to the Organic Farm** (Sales Objectives 1, 2; Marketing Objectives 1, 2)

This is already a great strength of the Wegmans brand. The employees are passionate and generally knowledgeable. Full time employees working in Dairy, Meat, Seafood, Produce and Nature's Marketplace will be strongly encouraged to complete a trip to the Wegmans Organic Research Farm in Canandaigua, N.Y. Sharing the birthplace of this campaign with employees will encourage company-wide buy in as well as reinforce the tradition of Wegmans employing a knowledgeable and passionate service staff.

Weather permitting, the bus trips will run from June 5<sup>th</sup> through September 16<sup>th</sup>, 2012. Running Tuesday and Thursday of each week during this period will allow for all of the approximately 1,200 relevant employees to make the trip. This rate accounts for 80 employees per week, and 40 per trip. Given that the typical charter bus holds 55 passengers, this allows for up to 15 additional employees from other departments to accompany each trip as well. To avoid depleting a single store's work force for a day, each trip will include employees from multiple stores. Bus routes will be planned accordingly.

Ultimately this is an initiative to enhance the customer service rendered in the stores. As this service occurs near the point of sale, it is reasonable to expect better educated employees will better be able to aid customers in finding organic meal solutions, and thus make purchases. This in-store interaction also goes hand in hand with encouraging trial and repeat sales.

## Digital Tactics

Focus: Sales Objectives 1, 2; Marketing Objectives 1, 2, 3

The following digital tactics will serve to make digital interactions between Wegmans and its customers as rewarding for both parties as an actual trip to the store would be.

### Wegmans.com Organics Portal (Sales Objectives 1, 2; Marketing Objectives 1, 2, 3)

All organics information will be reorganized and compiled into its' own banner on Wegmans.com. The tab will be placed between the existing "Eat Well Live Well" and "Stores" tabs. In this tab, consumers will be able to find Wegmans' full organic inventory, all existing archival organics material, links to relevant Fresh Stories blog posts and all other materials from this campaign. This will make Wegmans.com a go-to hub for organics enthusiasts.



“If you have never visited [www.wegmans.com](http://www.wegmans.com), you’re missing out. There are plenty of good ideas to steal, including cooking videos, recipe searches, new product information, healthy living ideas, nutritionists that shoppers can query and weekly columns by Mary Ellen Burris, Wegmans’ Senior VP of consumer affairs. Burris, who writes about food, health and reader questions, is the epitome of the shopper advocate and lends real credibility to the chain with useful and instructive information.”

-Warren Thayer

As the new Wegmans.com portal is going to consist of digital access to all campaign materials, it gets to piggyback off of the other tactics when it comes to accomplishing campaign objectives. Ultimately, this is an added convenience for the consumer.

## YouTube Chef Video Series (Sales Objectives 1 & 2; Marketing Objectives 1, 2 & 3)

This campaign will include a series of YouTube videos featuring Wegmans chefs preparing meals featuring exclusively (or at least predominantly) organic items. The videos will also be added to the Wegmans.com portal.

These videos will be featuring actual products which could well lead to viewer purchases in the stores. Purchases are likely to result from viewer desire to replicate the recipes seen in the videos and any purchase comes from either a first time or repeat customer.

Qualitative research for this campaign shows that customers respond to such demonstration by purchasing the exact ingredients to recreate the recipes.



*Please refer to Advertising Tactics for a complete description of “MENU Features,” as well as “30-second TV Spot.” [pp. 28, 29]*

*Please refer to Public Relations Tactics for a complete description of “WegmansOrganicChef” Twitter Handle.” [p. 32]*



## Promotional Tactics

Focus: Sales Objectives 1, 2; Marketing Objectives 1, 2

Based on research responses, the following promotional tactics will serve to reduce customer risk in trying new products leading to increased trial and repeat purchases.

### Increased Sampling (Sales Objectives 1 & 2; Marketing Objectives 1 & 2)

Sampling more organic products both in their raw form and as part of recipes will show customers easy ways of integrating such products into their lives. Experiencing products in their ready to eat form will help persuade many otherwise tentative customers to give the organic products at least a trial purchase.

Campaign research shows sampling is a significant purchase influencer, as it eliminates consumer risk.

### “All Prices Equal” Day (Sales Objectives 1 & 2; Marketing Objectives 1 & 2)

For one weekend day (TBD), prices of selected organics items will be dropped to match the price of their inorganic counterparts, encouraging customers to try the organic version with minimal risk. If the thin margin issue allows, this tactic could be repeated monthly.

This is the ultimate tactic for encouraging trial as it takes away a primary factor for ignoring organic products: higher price.

### Direct Mail Coupons (Sales Objectives 1 & 2; Marketing Objective 1)

Coupons for free house brand Nature’s Marketplace items, organic produce and discounted organic meats will be mailed to Shoppers Club members. These coupons will be instrumental in increasing trial, primarily among current non-buyers.

This is a no cost promotion as it will piggyback off of the already existing coupon mailers that go out to customers on a seasonal basis.



# Market Research



The survey instrument contained both quantitative and qualitative questions regarding grocery shopping preferences. Additional personal interviews were conducted with Wegmans shoppers. Summaries and key findings can be found below.

*Quantitative survey results that have aided in informing this campaign*

Here is a brief summary describing the typical survey respondent:

- 126 respondents
- 37% age 25 or older
- 60% female
- 62% Rochester, NY residents (ZIP codes 144xx – 146xx)
- 13% Southern Tier Residents (ZIP codes 147xx – 148xx)
- 11% Buffalo Residents (ZIP codes 140xx and 142xx)
- 47% have earned either Bachelor's (39%) or Master's (8%) degree
- 58% identified themselves as the primary shopper in their household

Key Quantitative Findings:

- 94% selected Wegmans as their preferred grocery store
- 15% expected to find the best prices at Wegmans
- 90% expected to receive the most attentive customer service at Wegmans  
*These answers suggest some consumers are willing to shop on factors other than price*
- 23% have purchased *MENU Magazine* in the past
- 35% have at least occasionally used a grocery store's online shopping tools in the past  
*These represent two major tactical areas of the campaign and show a reasonable usage rate among consumers*
- 63% have purchased organic produce in the past
- 65% have purchased organic non-produce items in the past
- 11% said they "often buy either organic produce or other organic items"  
*This represents current consumer preference for organics at the outset of the campaign*

Selected Qualitative survey responses:

"Whichever ones are on sale or have a cheap enough price – so much of it is way too much more expensive to seem worth buying, even with the touted "benefits" over non-organic goods. I've lived just fine for this long without eating everything organically, I can season my food while I cook to make it taste the way I like, anyway; and if the price is not right, I do not intend on shilling out extra cash to make what I see as an unnecessary change in my diet."

"From my research almost ALL 'advertised organic' products are NOT truly organic. For that reason alone I think it's ALL a big marketing scheme that all too many people get sucked into...at a huge blow to the wallet."

"[I purchase] the ones that are on sale or featured in a recipe."

“They (organics) cost a lot, so I don’t buy much...”

“[I purchase] whatever is on sale.”

“I’ll only buy organic if it’s not significantly more expensive.”

“[It] depends on if I can afford them, but sometimes [I purchase] herbs, vegetables and fruits.”

“[I purchase] any [organic products] that I can find at a good price.”

“I’m really not a fan of the whole environmentally friendly thing. It’s more of a matter of what’s the better product, not what’s better for the environment.”

“[I purchase] whatever is on sale.”

“[I purchase organic] fruit if it is priced well.”

“[I purchase] some [organic] packaged goods, when on sale.”

“[What I purchase] depends on how it looks.”

“[I purchase] none. [I’m] not a yuppy.”

#### Qualitative personal interviews:

##### **Personal Interview #1** [Female shopper in her 20s]

*Do you buy any organic products?*

Not usually.

*Why is that?*

It’s mainly the price difference. If I do buy something, it’s bananas because sometimes they run out of regular ones and I still need to buy bananas. I’m on a budget and I can only spend so much money...

*If price was not a factor, would you buy more organic products?*

Yeah, based on what I’ve heard, I would. It’s helping out farms and it’s good for the soil and crop rotation, so yeah.

*Is there anything you would like to add regarding organics?*

One thing that has kept me away from organics is that it’s hard to find organic produce that looks good. The organic stuff doesn’t always look appealing compared to the regular stuff. I know the regular produce sells very quickly and so the appearance of the organic produce makes me wonder if it has a longer turnover time and all the sitting around is why it doesn’t look as good.

##### **Personal Interview #2** [Female shopper in her 40s]

*Do you buy any organic products?*

Not regularly, no.

*Why is that?*

I pretty much buy the same stuff every time. What gets me to try new things is the sampling. That gets me to try some organics, but they normally don't catch my eye.

*What is your general opinion of organics?*

I hear they are healthier and good for the environment. Really, I think they tend to be more expensive. Sampling can get me to choose organics over the regular stuff though.

*Is there anything you would like to add regarding organics?*

I've liked everything organic I've tried.

### **Personal Interview #3** [Male shopper in his 20s]

*Do you buy any organic products?*

No, not usually. They are far too expensive.

*Why is that?*

I see the organic section of the store and it all looks really appealing, and then I see the price and that doesn't appeal to me.

*If price was not a factor, would you buy more organic products?*

If I had more money I would buy them. It might be psychological, but it makes me feel better, healthier and more energized when I do eat organic stuff.

*Is there anything you would like to add regarding organics?*

I saw a documentary called *Food Inc.* and I learned that if more people bought organics, and the demand significantly increased, then it would be cheaper in the future. I wish more people were concerned with eating healthier because that could make organics cheaper for young people like me. I don't think people are really aware of what they eat, that they don't really think about what they're eating. It makes me upset.

### Key Qualitative Findings:

- 65% of qualitative responses showed respondents were excited at the prospect of buying organics because of the benefits, but 11% specifically mentioned cost as a barrier.
- Sampling and demonstration are effective ways to encourage trial purchases (7 responses specifically mentioned such promotions)
- Comfort in shopping routine vs. willingness to try new things is an issue that has proved a deterrent to buying organic
- Skepticism towards organics exists but appears to come only from a vocal minority (4 responses or 3%)
- Customers need something to catch their eye about organics to shake up their shopping routines



*“Because our customers are looking for more organic, locally grown produce, we operate our organic farm to develop and share the best practices with our customers and partner-growers. We’re working hard to find and grow the best-tasting varieties and extend our growing season, then share what we learn to help make local farms more economically sustainable.”*

### **Implications of Research**

There are a significant number (65%) of consumers who have dabbled in organic purchase, but despite increasing interest, cost continues to be a commonly expressed deterrent. Time and time again, respondents listed price as a major factor. Respondents commonly stated that they buy organics on sale or on the cheap when they can, suggesting that even when price is a factor, it doesn’t completely rule out a purchase.

Interestingly, several respondents revealed that certain in-store tactics (sampling, demonstrations, price promotions) were enough to influence a purchase. In these cases, discovering new meal solutions proved to be worth the higher price, only after risk was minimized through sampling or demonstration. Skepticism turned out to be a factor for a vocal minority, but opinions of organic food in general were more positive than expected.

*MENU Magazine*, sampling and digital tools all proved to be considerable avenues for reaching potential organics buyers. While a variety of reasons for not buying organic were on display throughout this research, many did express the desire to buy these products. An integrated marketing plan utilizing the above avenues will be just the thing to coax many new trial purchases.

*Internal Communications,  
Timeline,  
Budget &  
Evaluation*



## Internal Communication

1. All full time employees in the relevant departments will be encouraged to immerse themselves in all things organic by making excursions to the Wegmans Organic Research Farm. Wegmans is known for having passionate and knowledgeable employees and sharing the organic farm experience with the employees shows how much Wegmans wishes to continue this. This will also work towards facilitating a complete workforce buy-in to the campaign.
2. All employees will be encouraged to read the *MENU* features and blog posts that come forth from the campaign in order to better serve inquisitive customers. A link to such materials will be placed in a banner on the MyWegmansConnect.com employee portal for perusing at their leisure.
3. Employees will continue to be encouraged to assist shoppers in every way possible, including sharing their knowledge and passion for the organic items they themselves are familiar with. As the campaign materials trickle down to even the newest of part time employees, this body of knowledge will continue to grow.
4. Consumer Affairs, Internet Marketing and Chef personnel well collaborate when respnding to organic product queries through all social and traditional mediums.
5. Regularly scheduled in-store and corporate departmental meetings will be another avenue through which employees will be kept up to date on campaign materials.





**Campaign Calendar**  
*June 2012 – May 2013*

Explanation of calendar:

- A feature will be published in each of the four *MENU Magazine* editions during the campaign year.
- The convention will be held in August to allow anticipation to build for a few months from the launch of the campaign.
- While farmers markets operate year round, only the summer months are targeted at the moment as a trial for this venue.
- While sharing campaign materials with employees will happen throughout the entire campaign, the trips to the Wegmans Organic Research Farm will occur during the early months of the campaign, primarily for weather related reasons.

	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May
MENU			W			W			W			W
TV	W	W	W			W	W	W				
Billboards	W	W	W	W	W	W	W	W	W	W	W	W
Chef Tweets	W	W	W	W	W	W	W	W	W	W	W	W
Convention			W									
Farmer Mkts	W	W	W	W								
Employee Trips	W	W	W									
Sampling	W	W	W	W	W	W	W	W	W	W	W	W

## Campaign Budget and ROI

Recent sales figures suggest that a natural growth of 20% over last year (\$100 million) will occur for organic products at Wegmans. This campaign aims to double that rate. If these estimates hold true, that will mean the campaign generated approximately \$20 million, in addition to the given \$20 million that should occur naturally, for a total one-year increase of \$40 million. For budgeting and ROI forecasting purposes, only the figure representing the campaign goal (\$20 million) is used.

<b>Campaign Expenses</b>	<b>(\$)</b>
TV spot production	1,020,000
TV media buy (two quarters)	1,000,000
Wegmans Organics Convention	15,000
Yearlong billboard campaign (ten boards)	180,000
In-store sampling (\$100 per weekend at each of 47 NY locations)	244,400
Recall surveys performed by a research firm (3)	105,000
Employee trips to Wegmans Organic Research Farm (30 trips)	35,000
Maintaining a booth at the Rochester Public Market (four months)	3,500
<b>Total Campaign expenses</b>	<b>2,602,900</b>
<b>Expected revenue generated</b>	<b>20,000,000</b>
<b>Expected One Year ROI</b>	<b>7.68</b>



## Evaluation

### Sales Objectives:

1. Increase total organic sales by double the projected growth (20%)
  - Wegmans made about \$100 million last year on organic products. With a year-over-year expected growth of 15-25%, our goal is to reach \$140,000,000. Sales figures will be the evaluation tool here.
2. Increase organic share of produce purchased (12%)
  - Inventory and sales figures will be used to tell what share of produce purchased was organic.

### Marketing Objectives:

3. Reach 25% trial rate among the “current non-buyers” segment
4. Increase repeat purchases among “current buyers” segment by 10%
5. Achieve 50% market awareness of campaign by the end of the campaign year
  - An outside research firm will be consulted to perform a baseline awareness study the day after the campaign launches, and then two more by the end of the year to gauge awareness, recall and any change in behavior regarding organics purchases.

A final evaluative method worth noting, though not directly tied to any specific objective, will be to monitor interactions taking place through the campaign’s Twitter and YouTube tactics (tweets, retweets, followers, questions asked and answered, views, comments).

## Conclusion



Wegmans has the rare and exciting opportunity to capitalize on a market growing with startling speed. The sales figures do not lie; people are buying more and more organics. With a concentrated and strategic marketing effort, Wegmans can be the dominant organics retailer in all of its NY markets, and do so through educating its employees and communities.

This campaign is a systematic way of reaching organics buyers. It involves many strengths unique to Wegmans such as its workforce, reputation for shopper advocacy and unmatched in-store experience. The campaign even involves a few of the company's more unique assets such as *MENU Magazine*, Wegmans.com and convention center facilities. Community outreach, as usual for Wegmans, is another major part of the campaign.

These tactics will not only create excitement around organics, but do so in an educational way that sheds light on this muddled category of products. By shining a light on the objective truth about organics, and inviting the educated and discerning customers to give them a try, Wegmans can accomplish its lofty objectives while simultaneously empowering its consumers.

# Appendix

