

# Overview

Strategic Issues & Problems (Intro)



Situational Analysis



Internal & External Analysis



Proposed Solution



Financial Overview



Recommendations



Thecasesolutions.com



Case 2D  
Dr. Drea  
MKGT 576

# NOC Project in Dilemma: Plight of Schedule Control of an Overseas EPC Project

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Overall goal:  
2% Market Share  
Increase in the  
Columbus Ohio  
region (25 Stores)

## Intro

- Unfortunately, Reed Supermarkets are perceived as high quality (from all perspectives) in a market where consumers are looking for value. This poses as a significant hurdle for Reed's.
- Consumers are less loyal and spending less each trip.

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## Reed's History

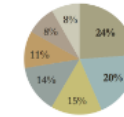
- Established 1939 by William H. Reed in Kalamazoo Michigan.
- As of 2010 – 192 retail stores, 21,000 employees – all over the Midwest.
- Significance Attributes:
  - High end because of a vast array of products and services (staples to lavish seafood and many different brands of snails)
  - Amazing customer service (greeters who offered cookies and runners)

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## Reed's in Columbus

- Area: 2 Million People with median household income (\$52K)
- Consumers desire better prices and better discounts and coupon (Reed has a high quality index but very low price index)
- Direct Competitors
  - Galaxy and TopVal (each having 20+ stores)
  - 18 Delfina stores (very much like Reed)
  - 22 Family Dollar Stores
  - 3 Whole Foods Markets
  - Wal-Mart (5), Target (4), Costco (3)

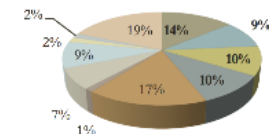
400 Columbus Area Customers citing important factors



- Better Prices
- Better Discounts and coupons
- Double Coupons
- Promotions and coupons that are mailed to my home
- Promotions and coupons that are emailed to me
- More natural / healthy foods
- More local foods that are grown / produced near where I live

Columbus, Ohio Market Share 2010

- Reed
- TopVal
- Superstores
- Limited Selection Stores
- Delfina
- Other Super Markets
- Warehouse
- Other (drugs, Convenience)
- Galaxy
- Wholefoods
- Dollar Stores



## The US Food Retailing Industry

- 50 companies dominated the industry (70% of overall revenue)
- Each household spent \$5200 a year (\$100 a week) on groceries and took 2.1 trips a week in 2010.
- Key Trends
  - Decreasing Customer Loyalty
  - More frequent fill in trips as opposed to 'stock up' trips
  - Private label foods are on the rise
  - Americans are becoming more health conscious\*
  - Supermarket industry is turning into something that offers more than just food (Wal-Mart, Costco)
  - Customers are preferring value to influence
  - Significant growth of limited selection stores like Aldi and Trader Joe's

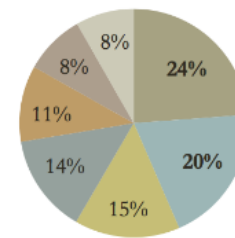
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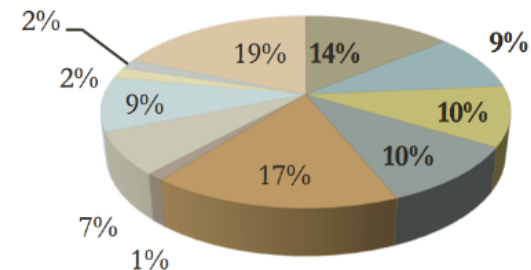
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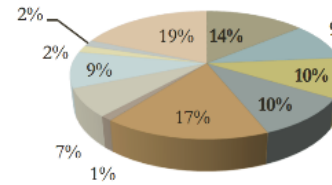
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Summary and Top 10 (each having 20+ stores)

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■ Limited Selection Stores

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## Strengths

- Brand name is well recognized and holds a good reputation.
- High quality and wide variety of products.
- Second highest market share in Columbus.
- 25 stores were in in operation in 2010.
- Location of the stores are in the areas with promising above average population growth.



## Opportunities

- Potential growth in Columbus economy.
- Increasing trend of American consumers becoming more health-conscious.
- The growing trend of private label merchandise.

## Weaknesses

- Attracting a smaller pool of the overall market.
- Third lowest on the price index.
- The “Dollar Special” could confuse consumers and decrease Reed’s quality status.
- Operating at a low operating margin of 2.1% of gross sales compared to its competitors.



## Threats

- **COMPETITORS!!!**
  - Dollar Stores
  - Aldi
  - Wal-Mart
  - Sam's Club
  - Whole Foods market
- The customers are cherry-picking.

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