

# NGA Student Case Competition 2016 – Davis Food & Drug



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# Agenda

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- Case Briefing
- Objective
- Strategies
- Tactics
- Budget & Schedule

# What We Know



- Operates 4 locations in Utah
- Proposal is for Vernal location only
  - 30,000 square feet
  - 2014 sales: \$13.8M
  - Located in center of town
- Rural geography
  - Total Vernal population: 9,321
- Baby Boomers and Silent Generation

# Davis's Project Proposal

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To differentiate itself from the competition, Davis Food & Drug is introducing online shopping.

**What should Davis Food & Drug do to fully embrace the online opportunity?**

# Consulted Resources

- Webinar with Davis Food & Drug
- Consultations with Northeastern grocery retailers
- MyWebGrocer eCommerce Solutions reports
- Willard Bishop “eCommerce Super Study”
- Boston Consulting Group
- Mintel
- Nielsen
- Accenture

# Competitive Landscape

**Walmart** 

- One stop shop
- Everyday low prices
- Large corporate support







**Smith's**  
FOOD & DRUG STORES

- Effective and engaging marketing
- Millennial shoppers
- Corporate support, Kroger

**DAVIS**  
FOOD & DRUG

- Hometown Proud
- No Millennial shoppers
- Biggest challenge: Marketing

# Can eCommerce help Davis differentiate?

Retailer	Offers Full Basket Grocery eCommerce in Vernal
	X
	X
	X
	X
	X
	Yes

# Why Millennials

**Millennials research food  
retailers online**

**59%**

A horizontal bar chart with a red segment representing 59% and a grey segment representing the remaining 41%.

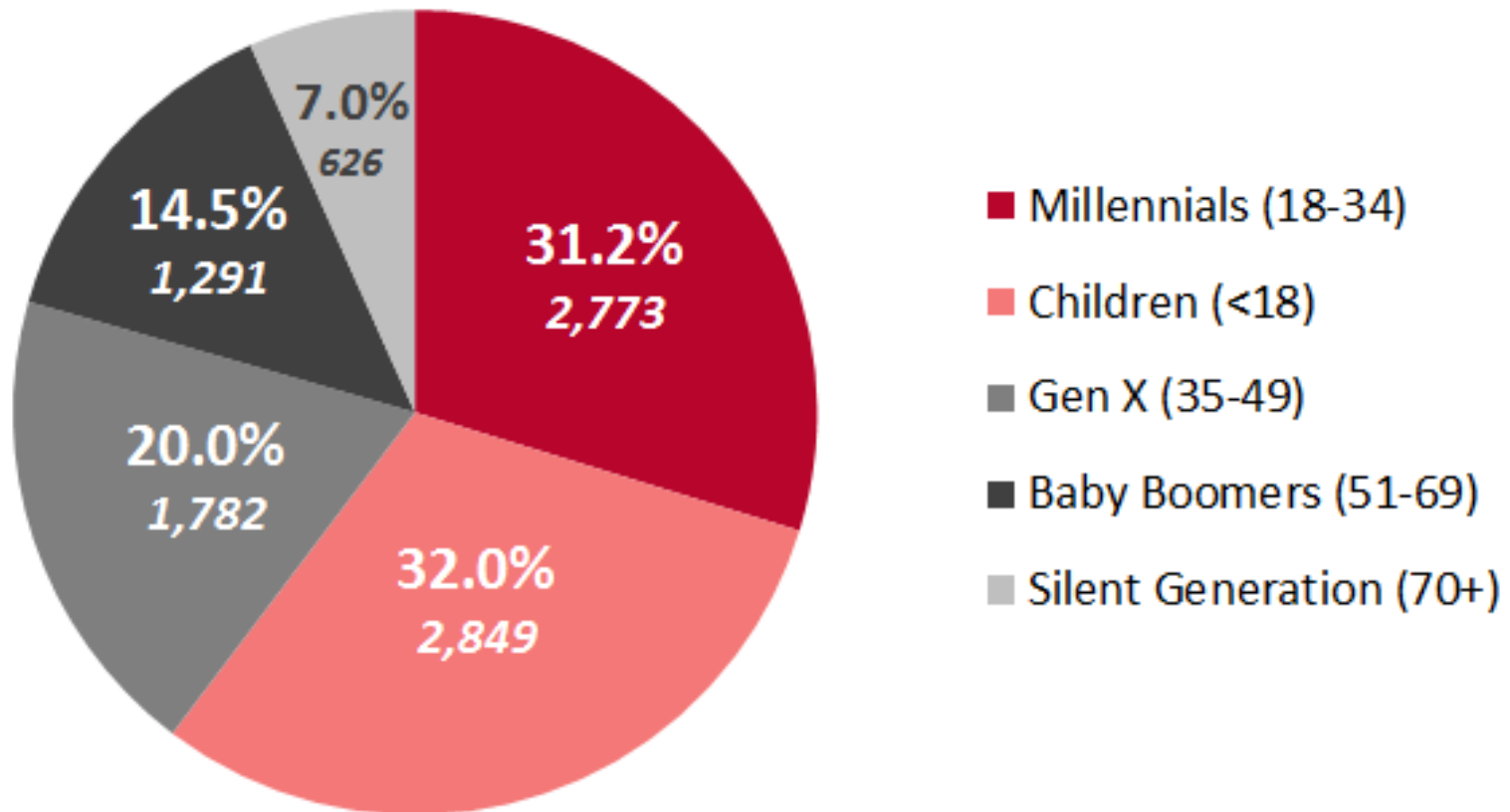
**Millennials who use grocery  
eCommerce**

**41%**

A horizontal bar chart with a red segment representing 41% and a grey segment representing the remaining 59%.

# Millennial Opportunity in Vernal

## Demographics by Generation - Vernal, UT



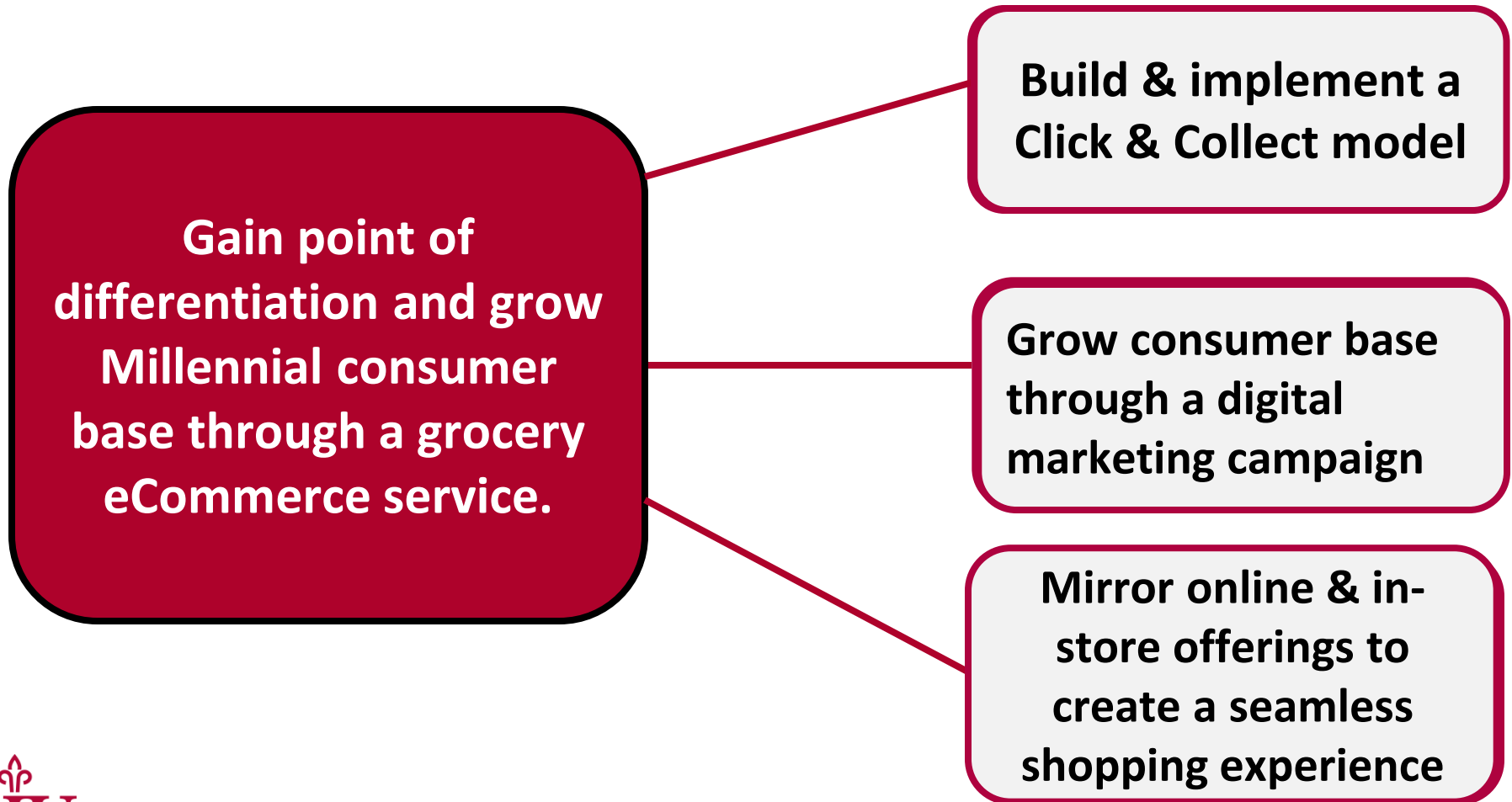
# Business Problem & Objective

**Davis is losing market share because it lacks a point of differentiation to attract Millennial consumers.**



**Differentiate from competition and grow Millennial consumer base through a grocery eCommerce service.**

# Strategies



# Strategy 1: Create

## Store-Based

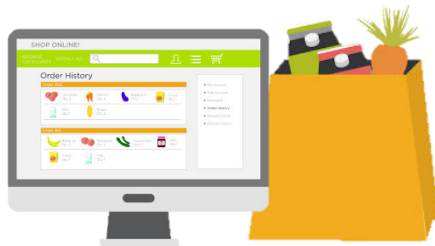
**Delivery**



**Curbside Pickup**



**Click & Collect**



## Distribution Center-Based

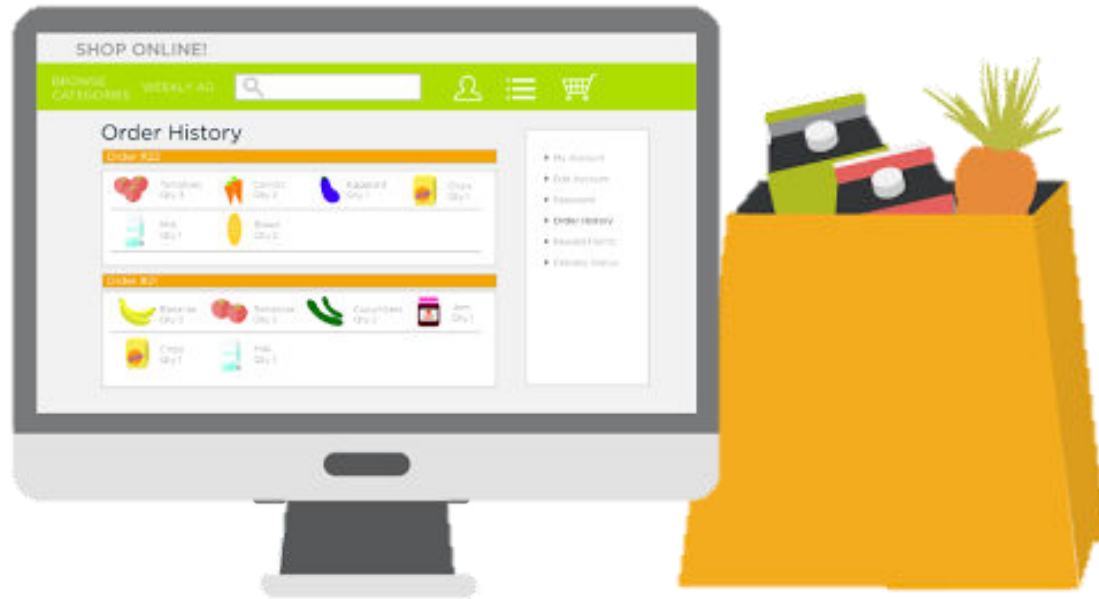
**Delivery**



**Parcel**



# Strategy 1: Create



**Click & Collect**

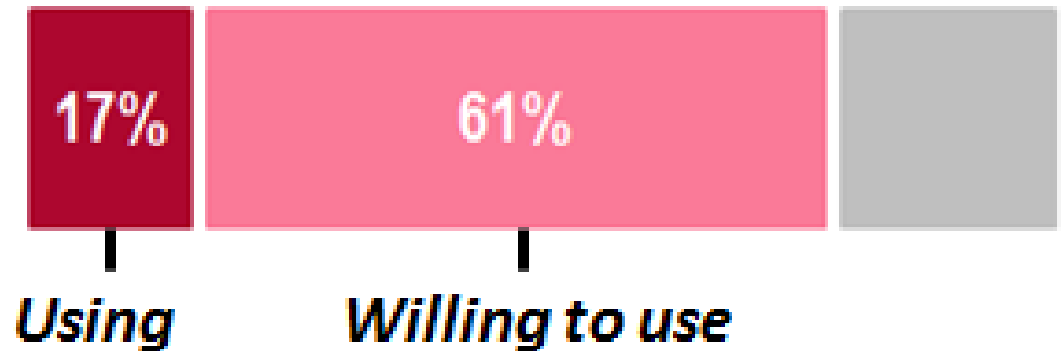
# Strategy 1: Create

68%

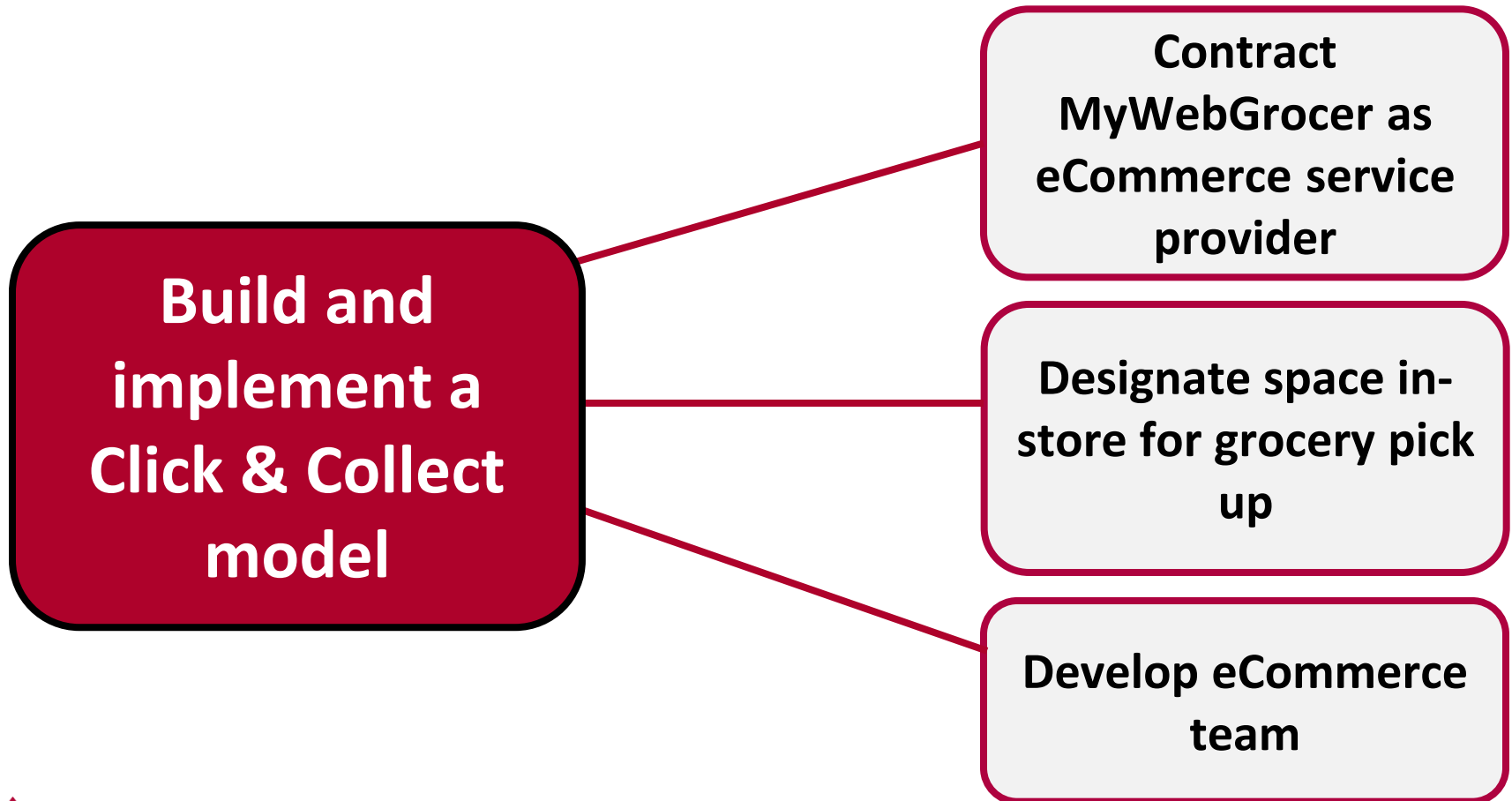


of the order volume goes to pick up.

## Millennials and Click & Collect:



# Strategy 1: Create



# MyWebGrocer

## Shop2Gro



- End-to-end solution
- Software as a service
- Set up includes pricing and product uploads
- Customizable
- Able to add on services

# MyWebGrocer



Vernal, UT

[Change Store](#)

Shop Departments

Shop Weekly Circular

Search ShopRite of Aramingo Avenue

GO

[Sign In](#) or [Register](#)

My Cart  
\$0.00

- Baby Store
- Bakery
- Beverages
- Breakfast
- Bulk Foods
- Canned & Packaged
- Cleaning Products
- Condiment & Sauces
- Dairy
- Deli
- Frozen
- Ingredients
- International
- Liquor Store
- Meat & Seafood
- Paper & Plastics
- Pasta, Sauces, Grain
- Pet Shop
- Produce
- Snacks
- Club Savings
- General
- Gluten Free
- Greeting Cards & Magazines

Welcome to Davis Food & Drug!

**WIN 2 TICKETS TO A 2017 NASCAR RACE IN LAS VEGAS**

1 entry for every 2 participating Kellogg's and Keebler products now through March 1st, 2016. You will receive 1 entry for 2 Grand Stand tickets to the 2017 Nascar race in Las Vegas!

★ FALL FOR ★  
**PUMPKIN THIS SEASON**

**Pumpkin Pancakes**

[SHOP NOW >](#)

## Recommended Offers

<p><b>sale</b></p>	<p><b>sale</b></p>	<p><b>sale</b></p>	<p><b>sale</b></p>	<p><b>sale</b></p>
<p>Mattel Mega Blok Minion - Shark Bait</p> <p>1 ct   \$12.99/each <b>\$12.99</b> <del>\$19.99</del></p> <p>On Sale!</p> <p><a href="#">Add</a></p>	<p>Great Lakes Cheese Cheese Slices - Party Tray</p> <p>16 oz   \$0.37/oz <b>\$5.99</b> <del>\$8.99</del></p> <p>On Sale!</p> <p><a href="#">Add</a></p>	<p>P3 Portable Protein Pack</p> <p>2 oz   \$0.83/oz <b>3 for \$5.00</b></p> <p>3 for \$5.00</p> <p><a href="#">Add</a></p>	<p>ShopRite Granulated Sugar - Extra Fine</p> <p>5 lb   \$0.60/lb <b>2 for \$6.00</b></p> <p>2 for \$6.00</p> <p>2 for \$5.00</p> <p><a href="#">Add</a></p>	<p>Schar Parabaked Baguette</p> <p>12.3 oz   \$0.41/oz <b>\$4.99</b> <del>\$5.99</del></p> <p>On Sale!</p> <p><a href="#">Add</a></p>

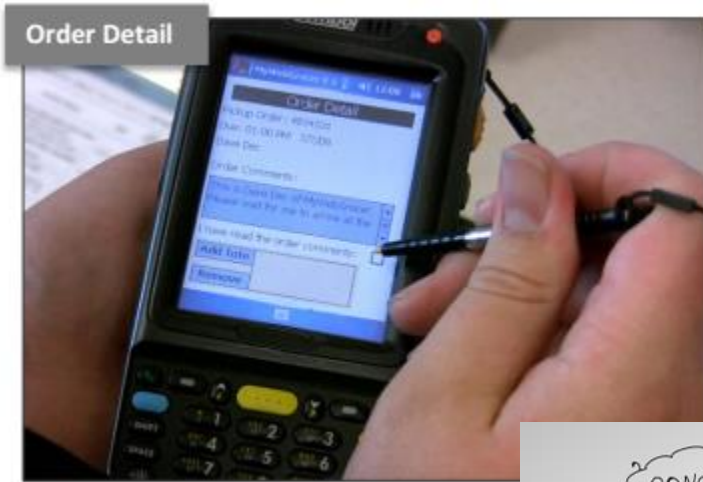
## Shop from Specials

**sale**

**KitKat**

Kit Kat Fries, Wafers in Chocolate

# MyWebGrocer



Picking and Order Technology



Additional Online Capabilities



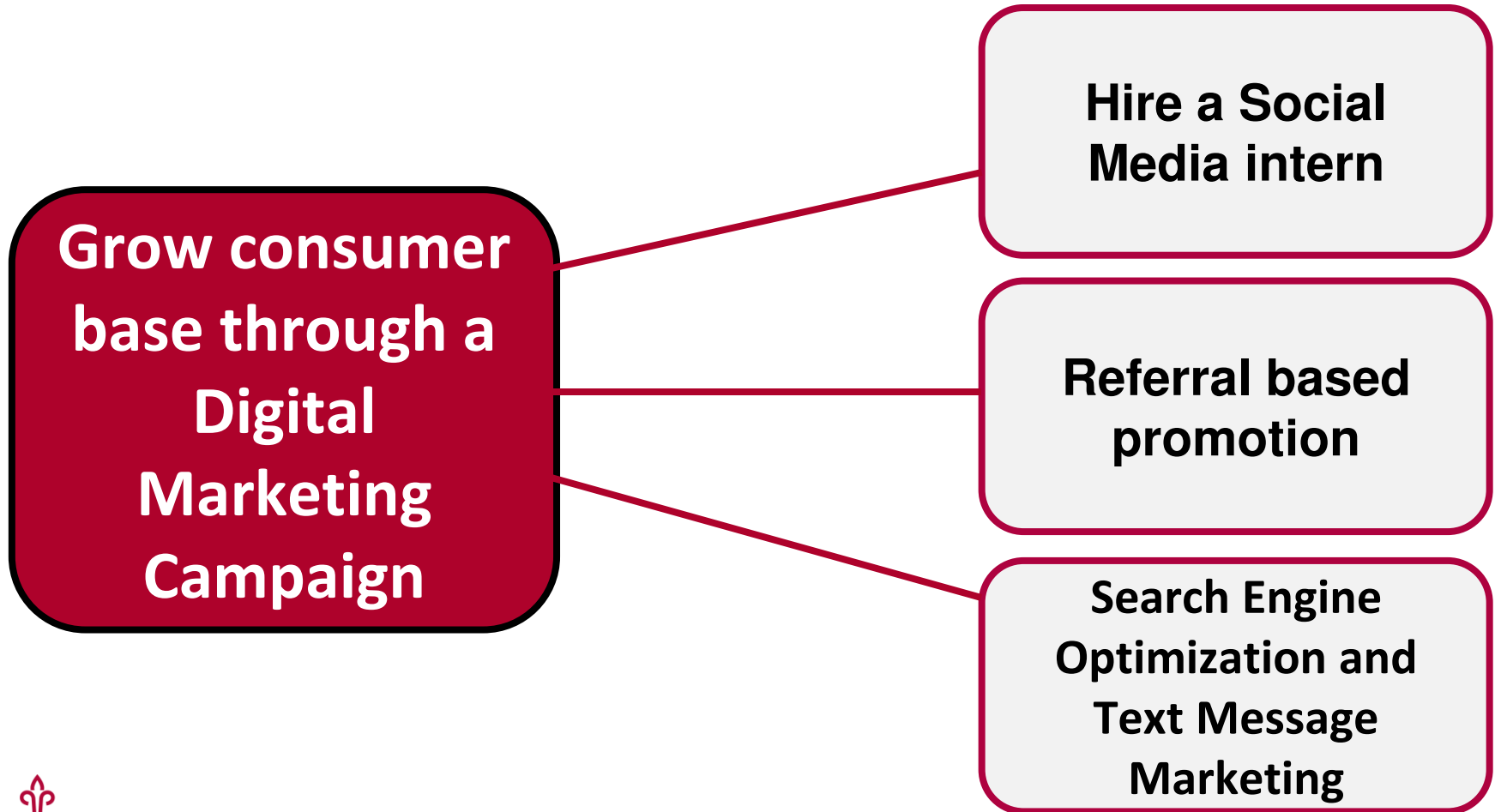
Dedicated Account Manager

# Strategy 2: Communicate

**29%** of Millennials believe that companies are outdated if they don't communicate with their customers using technology.



# Strategy 2: Communicate

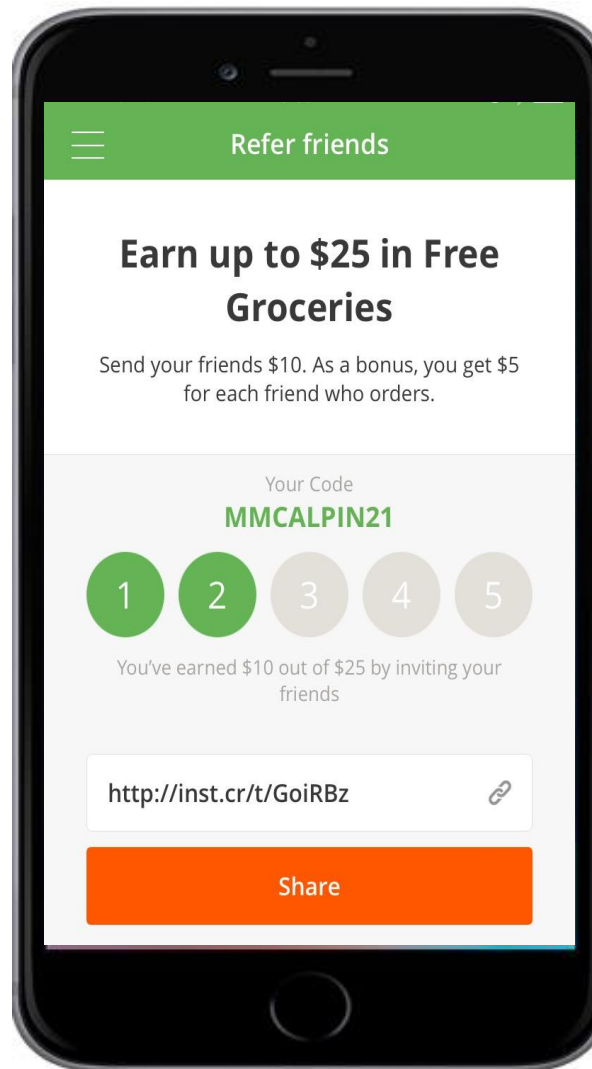


# Referral Based Promotion

**55%** of Millennials say that they are willing to share brand preferences online.



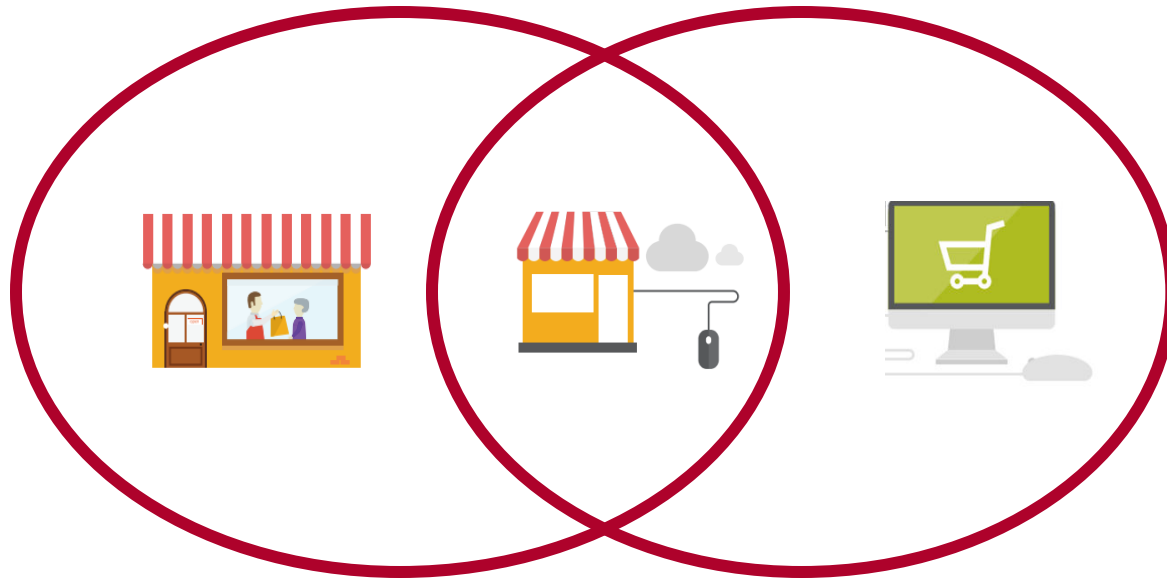
Source: Boston Consulting Group Perspectives



Reward consumers for sharing

Share discount code with friends

# Strategy 3: Integrate



**60%** of Millennials expect a consistent experience from brands, whether online or in store.

# Strategy 3: Integrate

**Mirror online & in-store offerings to create a seamless shopping experience**

**Offer consistent products and promotions in both channels**

**Offer bounce back promotion to incentivize use of both channels**

**In-store “How to” kiosk**

# In-Store Kiosk



- **Build awareness**
- **Convey consistent brand identity**
- **Millennials and current Davis customers**



# Projected Revenue

## Projected Revenues

PROPRIETARY

<b>Total Initial Investment</b>	<b>\$ 67,800</b>
<b>Payback Period</b>	<b>3.5 Years</b>



*\*Growth percentage based on CPG Expected Growth Rate from the Food Institutes "Food Industry Review 2014"*  
*\*\*COGS based on Gross Margin rate of 30%, as found in Willard Bishop "eCommerce Supply Chain Insights in Groceries..." February 2015*

# Projected Revenue

Incremental Revenue

PROPRIETARY



*\*Growth percentage based on CPG Expected Growth Rate from the Food Institutes "Food Industry Review 2014"*  
*\*\*COGS based on Gross Margin rate of 30%, as found in Willard Bishop "eCommerce Supply Chain Insights in Groceries..." February 2015*

# Implementation Schedule

Davis Food & Drug Implementation Schedule								
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
<i>Strategy 1: Create</i>								
Contract MyWebGrocer								
In-Store Delivery Space								
eCommerce Team								
<i>Strategy 2: Communicate</i>								
Social Media Intern								
Referral Based Promotion								
SEO & Text Marketing								
<i>Strategy 3: Integrate</i>								
In-Store Kiosk								
Promotions								
Same Product Choice In-Store & Online								

# Overview

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- ✓ **Overcome the Millennial challenge**
  - ✓ **Leverage Hometown Proud**
  - ✓ **Preserve loyal consumer base**
  - ✓ **Create, Communicate, Integrate**
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## Point of Differentiation

**Thank You!**  
*Questions?*



# Works Cited

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6. University of Michigan Stephen M. Ross School of Business, *eCommerce Supply Chain Insights in Groceries and Consumer Packaged Goods in the United States*, February 2015.
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