

NGA Student Case Competition 2016 – Davis Food & Drug



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Agenda

- 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

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



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









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



- 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%



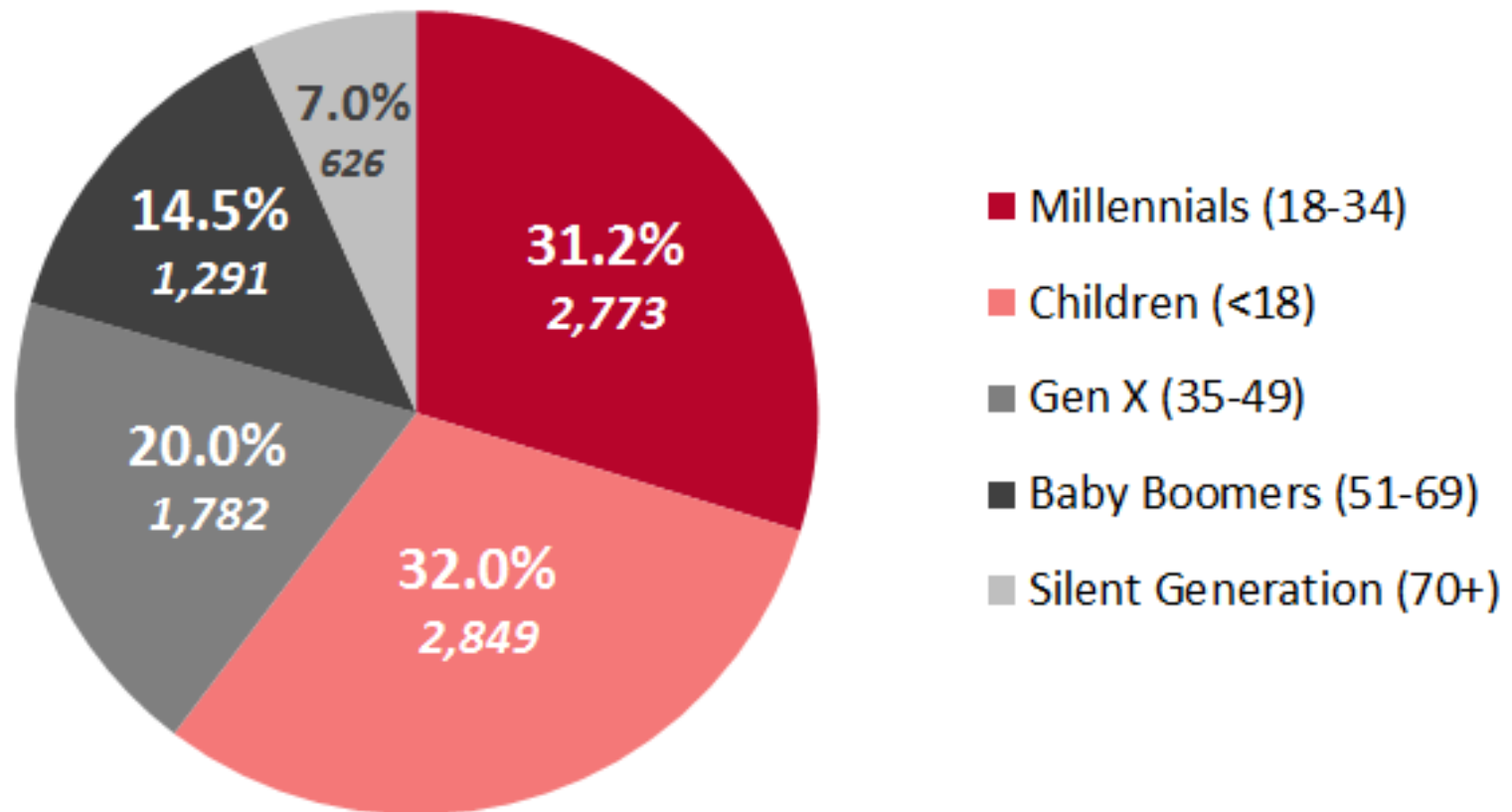
**Millennials who use grocery
eCommerce**

41%



Millennial Opportunity in Vernal

Demographics by Generation - Vernal, UT



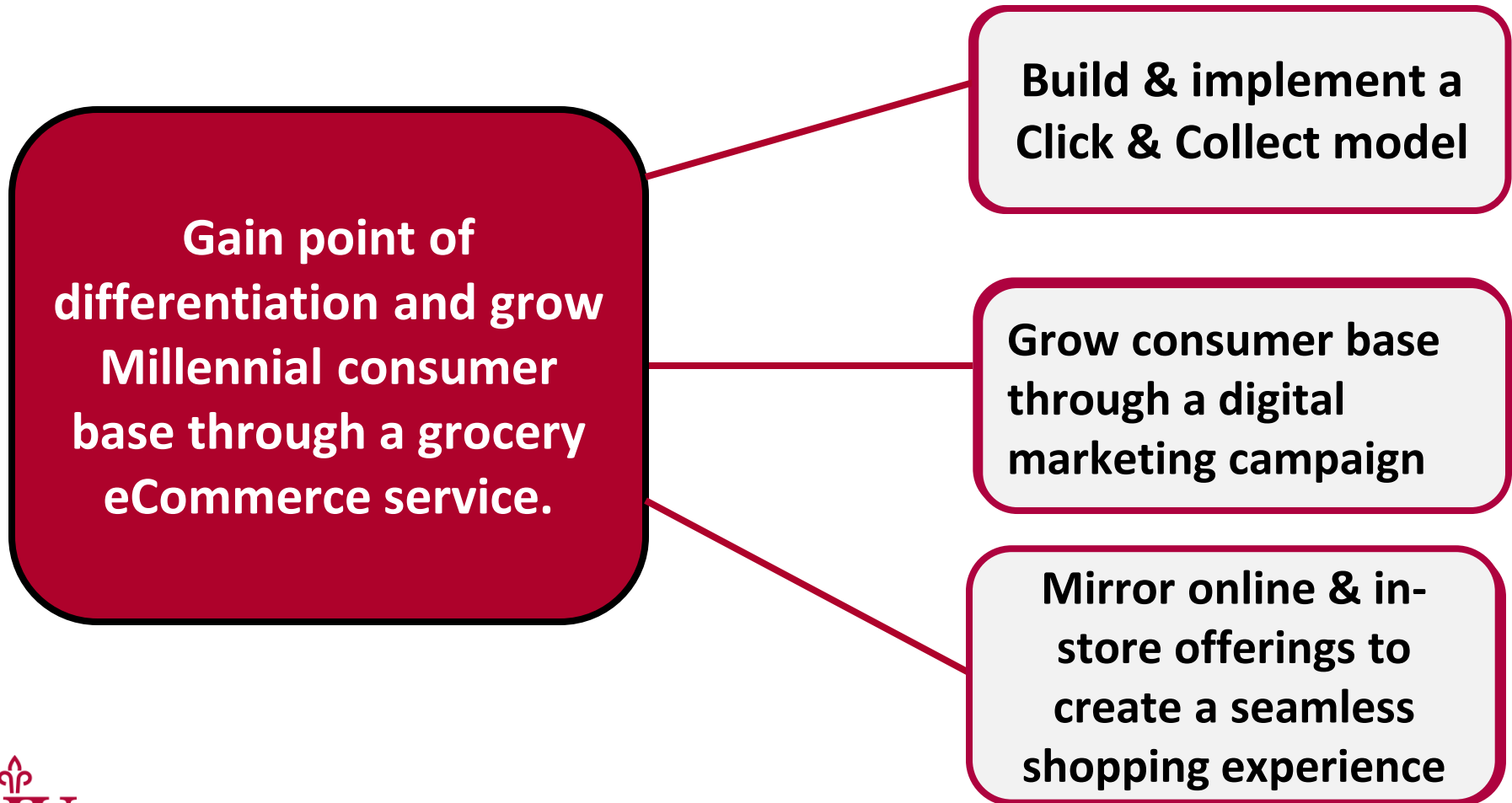
Business Problem & Objective

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

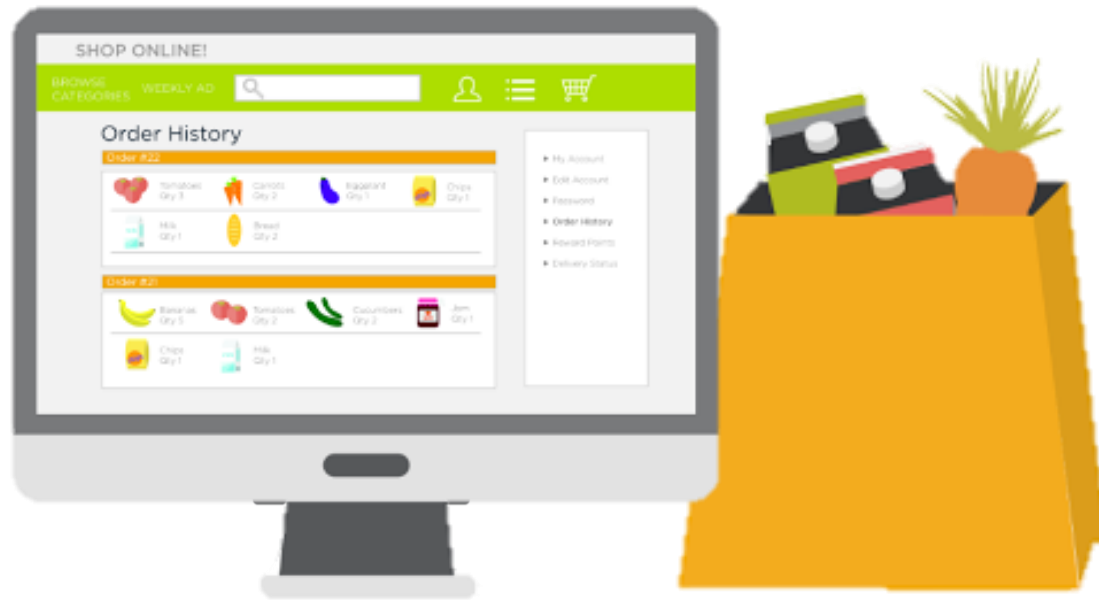
Delivery



Parcel



Strategy 1: Create



Click & Collect

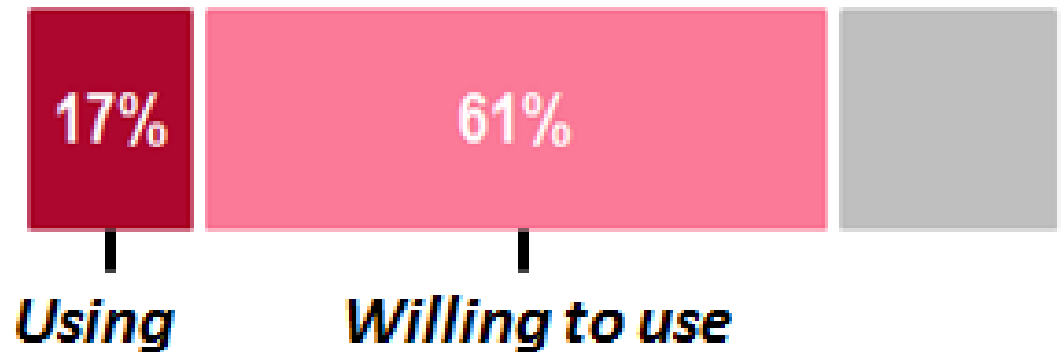
Strategy 1: Create

68%

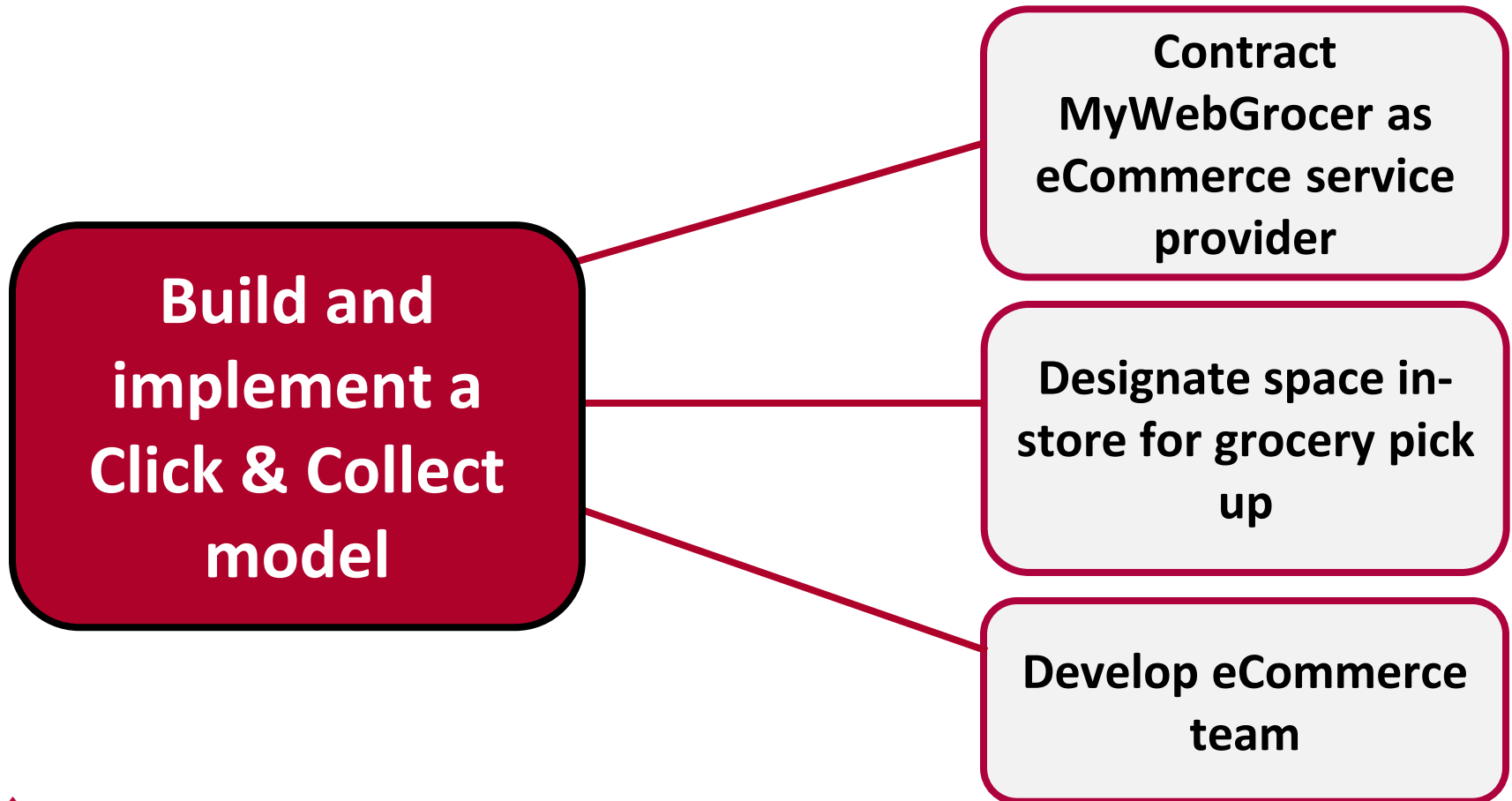


of the order
volume goes
to pick up.

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 DepartmentsShop Weekly Circular

Search ShopRite of Aramingo AvenueGO

Sign In or RegisterMy 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!

Recommended Offers




sale


Mattel Mega Blok Minion - Shark Bait

1 ct | \$12.99/each

\$12.99 ~~\$19.99~~

On Sale!

 Add




sale


Great Lakes Cheese Slices - Party Tray

16 oz | \$0.37/oz

\$5.99 ~~\$8.99~~

On Sale!

 Add




sale


P3 Portable Protein Pack

2 oz | \$0.83/oz

3 for \$5.00

3 for \$5.00

 Add




sale


ShopRite Granulated Sugar - Extra Fine

5 lb | \$0.60/lb

2 for \$6.00

2 for \$6.00

 Add




sale


Schar Parabaked Baguette

12.3 oz | \$0.41/oz

\$4.99 ~~\$5.99~~

On Sale!

 Add




★ FALL FOR ★ **PUMPKIN** THIS SEASON

Pumpkin Pancakes

SHOP NOW

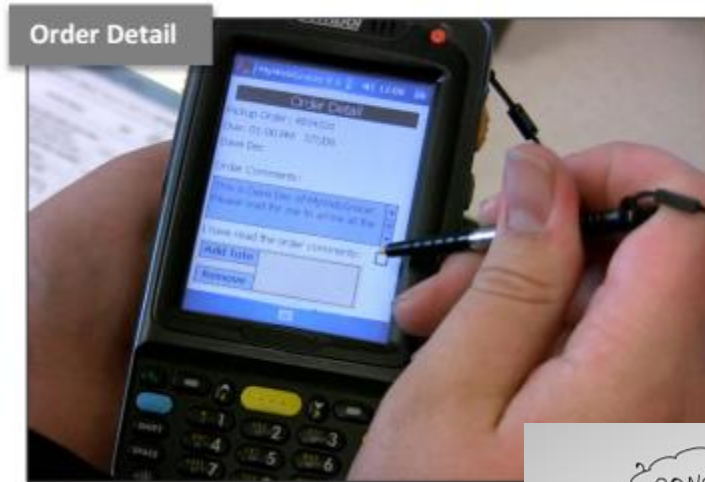
Shop from Specials



sale

Kit Kat Wafers in Chocolate

MyWebGrocer



Picking and Order Technology



Additional Online Capabilities



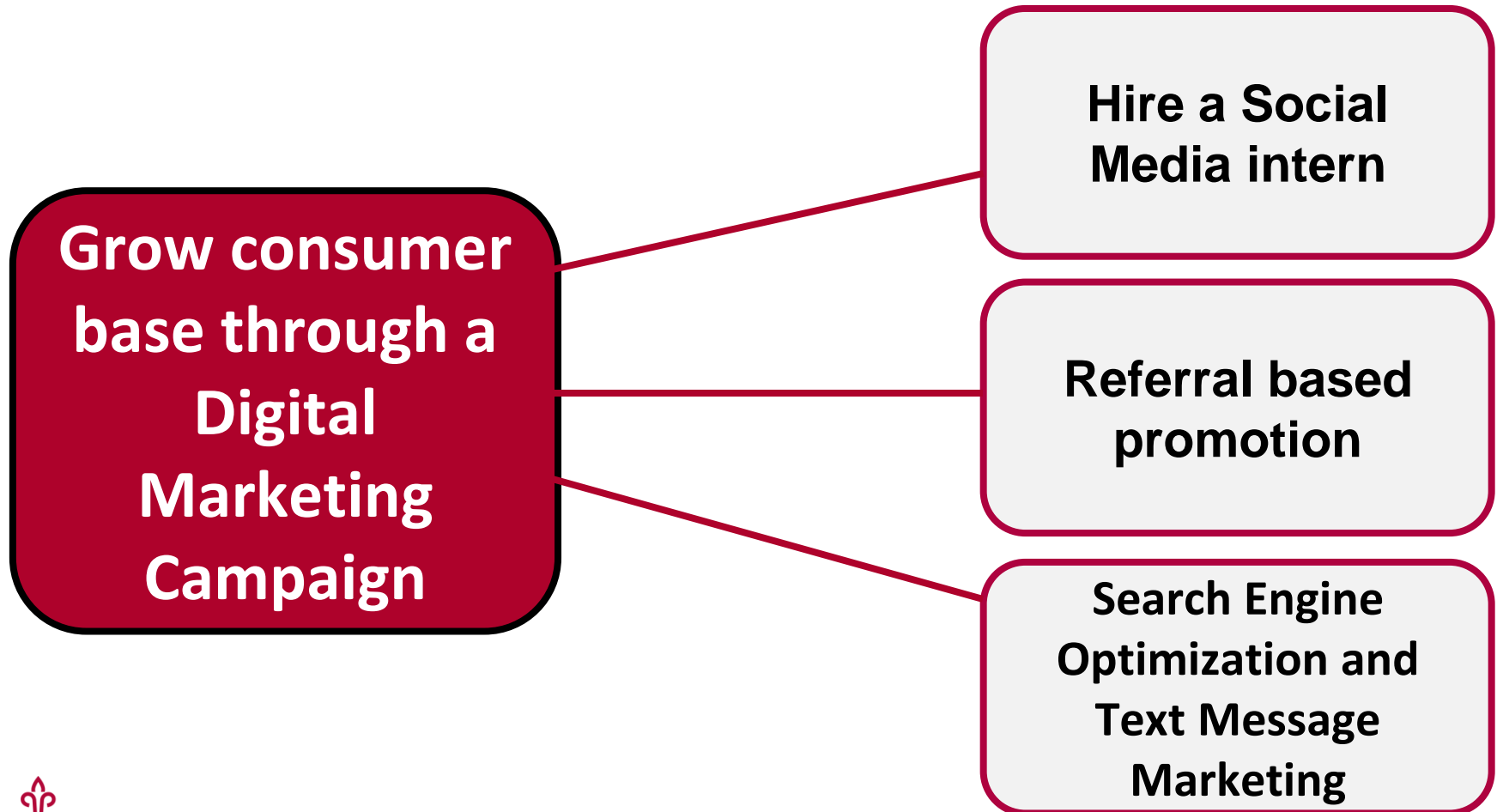
Dedicated Account Manager

Strategy 2: Communicate

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



Strategy 2: Communicate

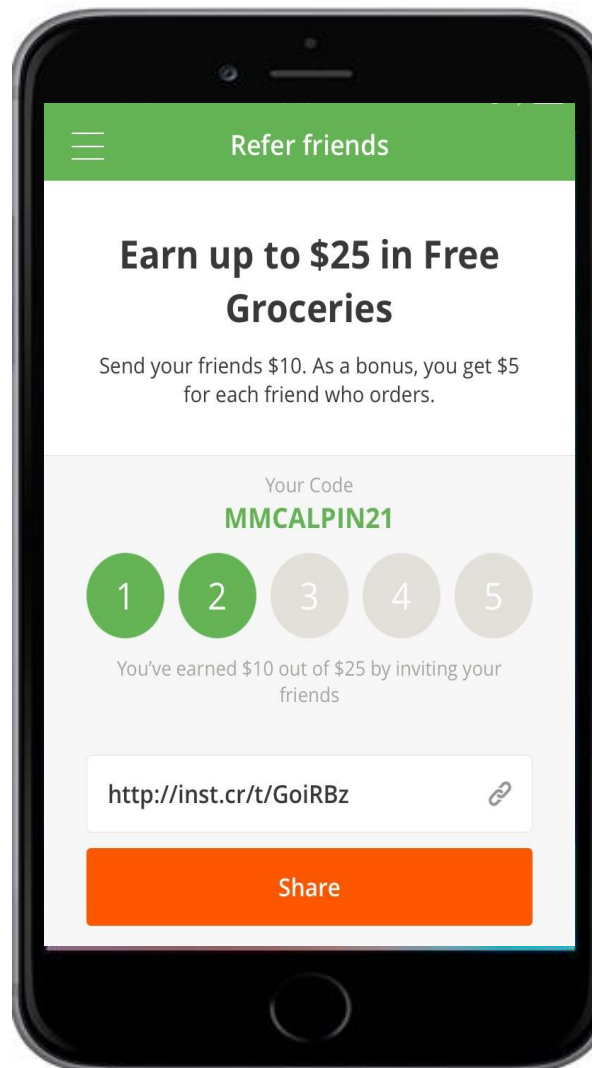


Referral Based Promotion

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



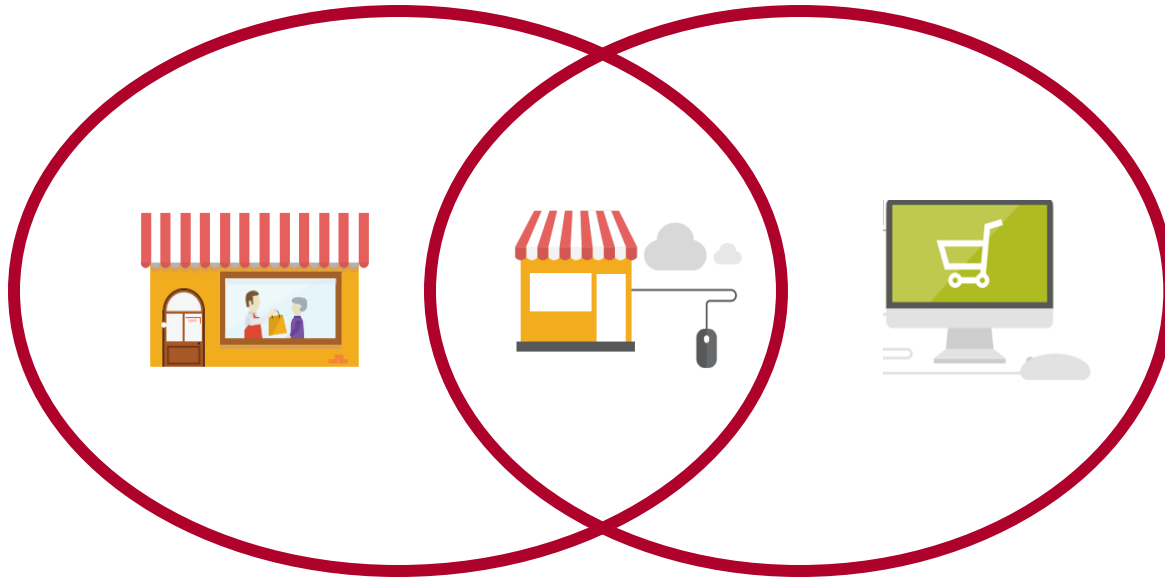
Source: Boston
Consulting Group
Perspectives



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

```
graph LR; A[Mirror online & in-store offerings to create a seamless shopping experience] --- B[Offer consistent products and promotions in both channels]; A --- C[Offer bounce back promotion to incentivize use of both channels]; A --- D[In-store "How to" kiosk]
```

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

PROPRIETARY	
Total Investment Cost	\$67,800

Projected Revenue

Projected Revenues

PROPRIETARY

Total Initial Investment	\$ 67,800
Payback Period	3.5 Years



*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

[illegible]

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

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

Point of Differentiation

Thank You!

Questions?



Works Cited

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