

Marketing Plan for The Kroger Co.

Sarah Panko

Columbia Southern University

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Jon A. Crispin, DBA

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Using a marketing methodology, this plan will identify Kroger's competitors as well as the marketing strategies in the management of the brand. This plan will determine if Kroger has a competitive advantage in the following areas: product, place, price, and promotion. This plan will analyze Kroger's organizational structure, potential missteps, and provide a proposal for Kroger's future goals.

Introduction

Barney Kroger started the company with one store in Ohio. Barney would get on a horse to deliver groceries and his own handmade products. Kroger is the first grocer in the U.S. to offer a one-stop shopping experience by opening a bakery, followed by a meat department. Today, Kroger currently employs about 420k people in 2,700 stores across 35 states. With 35 food manufacturing plants that make Kroger's private-label items, Kroger stays true to their original mission: low prices, food freshness and innovation. Looking forward, Kroger is also incorporating a digital strategy, mergers, and sustainability efforts through the #ZeroHungerZeroWaste campaign and Kroger's Purpose: To Feed the Human Spirit (The Kroger Co. 2021).

Competitive Analysis

As the largest grocery retailer in the U.S. ("The Kroger Co. SWOT Analysis," 2023), some of Kroger's competition includes companies like Amazon, Safeway, Publix, Costco, Wegmans, Target, Tesco, Winn-Dixie, Aldi, and Walmart. Albertsons could also be considered a competitor if Kroger's current proposed merger agreement with Albertsons Cos. does not go through.

Strengths of Kroger:

- Unlike Amazon, Kroger started with physical locations.

- Operating profit of \$1,470 million (The Kroger Co. 2021). with strong digital sales and consumer trust.
- Stores include pharmacies and fuel centers for one-stop shopping without having to buy in bulk like Costco.

Weaknesses of Kroger:

- Lack of physical stores in areas where Kroger offers Customer Fulfillment Centers.

Marketing Strategies

The pandemic forced all grocers, including Kroger, to increase online sales resulting in an acceleration in e-commerce business and high digital sales. Kroger continues to push delivery by opening additional customer fulfillment centers, including in new markets like Groveland, Florida. Kroger stays true to its mission of staying at the forefront of innovation by partnering with companies like Ocado. Using Ocado's technology and robots, Kroger can quickly fill online orders. Kroger's strategy of 'Leading with Fresh and Accelerating with Digital' is implemented through Kroger's Our Brands, which allows customers to choose fresh products at lower prices, and Personalization. Using the four Ps in the marketing mix will maximize Kroger's budget and effectively influence the customer.

Product

A product is a marketable commodity that aims to create value for target customers (Kotler et al., 2022). Kroger offers food and household products, including basic grocery staples to organic vegetables, natural foods, and hot meals ready to eat. Kroger also sells flowers, beauty and health care products, gas, and jewelry. Kroger started in 1883 by selling baked goods, meats, and groceries. As Kroger grew, strategy shifted to digital.

Place

Place, also known as distribution, encompasses the channel(s) used to deliver the offering to target customers and company collaborators (Kotler et al., 2022). Kroger operates supermarkets, pharmacies, and fuel centers. They offer products in physical stores as well as online. Almost half of online orders are purchased with a smartphone and by 2025, more than 20% of customers will buy groceries online (Schauer, 2022). Kroger focuses on supermarket merger/ acquisitions to open new stores in existing markets.

Price

The price is the monetary charge that customers and collaborators incur to receive the benefits provided by the company's offering (Kotler et al., 2022). Kroger offers low-cost products as well as premium quality brands. Kroger offers personalized offers to customers including loyal customer rewards and digital coupons. Kroger's pricing strategy is also tied into the fresh initiative.

Promotion

Promotion is expanded to incentives and communication and is the best way to promote the product. Kroger uses television and radio broadcast, digital, print, social, podcast, cinema, outdoor and TV and music streaming services. Kroger uses traditional marketing promotion through a magazine and by sending out mailers. Digital marketing promotions includes social media, and a mobile app. Kroger is also collaborating with Disney to target audiences on Disney television platforms, like Hulu.

Competitive Advantage

- **Product:** Kroger holds a competitive advantage with Kroger Delivery. Items can be delivered in a 1-hour time slot, making it faster than other competitors.

- Place: Kroger's distribution channels are designed to make buying products easier and more rewarding. In markets where Kroger only opened Customer Fulfillment Centers, they do not have a competitive advantage. Customers in those markets can head to the physical location of a competitor and get what they need faster.
- Price: Kroger holds a competitive advantage with Our Brand, Kroger's private-label products. Kroger can offer these products at a lower price.
- Promotion: Kroger holds a competitive advantage in promotion, but only in U.S. markets.

Conclusion

The marketing plan is the most important document our team creates. Our department is where revenue is generated. As famed management theorist, Peter Drucker said, "Marketing should result in a customer who is ready to buy," (Kotler et al., 2022). Past studies have shown that customers may not order produce or fruits online due to quality (Gustafson et al., 2022). Kroger operates privately-owned trucks. Kroger Delivery trucks are refrigerated and temperature-controlled, so groceries stay fresh. Half of the truck is cold, and the other half is room temperature. Our team is asking for extra fruits and vegetables to be stocked on Kroger's delivery trucks. For example, if a customer orders strawberries and they do like the ones that were delivered, they can exchange them right away with the delivery driver. Our team has provided training and incentives for the employees involved in Kroger Delivery. Everyone is ready to go, and we ask for your support in moving forward.

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