



Kroger

PROPERTY OF TK | GOIZUETA BUSINESS SCHOOL

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“You can’t fool people on food.”

– Barney Kroger

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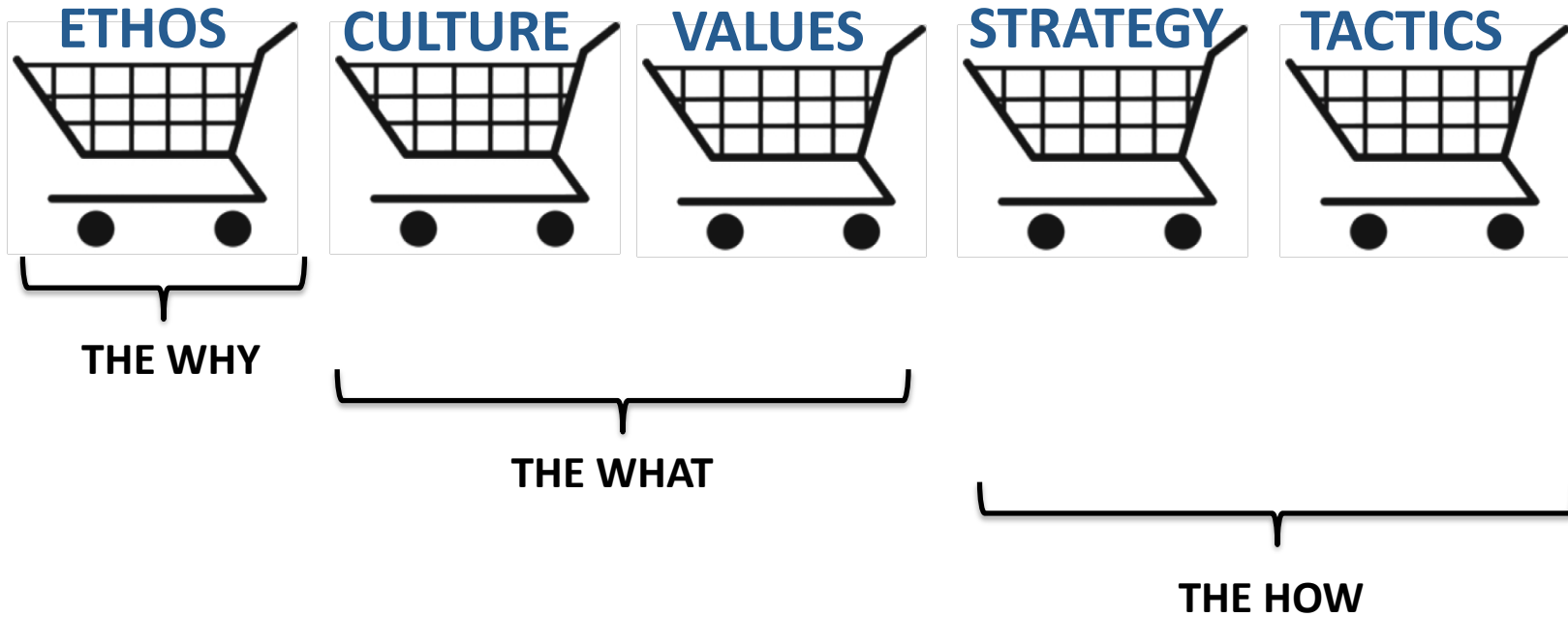
The Master Idea Video



MASTER IDEA PROCESS

Master Idea Process

PATHWAY TO MASTER IDEA





Master Idea Process

DEFINITION

A Master Idea is the overarching **vision** that encapsulates a company's ethos, values, strategy and tactics. It ensures that the company moves from having a point of difference to having a point of view. From being a brand, to taking a stand, a Master Idea embodies a company's reason for being and inspires employees to change the world around them.

It answers the ultimate **question**:

If your company were gone tomorrow, what would the world lose?

Master Idea Process

CHECKLIST

Master Idea Checklist

A Master Idea:

- ✓ Is timeless
- ✓ Teaches
- ✓ Fulfills a fundamental need
- ✓ Is a battle cry
- ✓ Looks beyond the obvious
- ✓ Uncovers inspiring possibilities
- ✓ Is born not only from data,
but from absolute conviction
- ✓ Is transformative

THE 4 I'S PROCESS



Dive into Kroger's ethos and history to determine the essence of our origin



Understand Kroger's responsibility to the world



Connect our founding spirit with our role in the world – the Master Idea



Transform our Master Idea into action, internally and externally



INVESTIGATION

Investigation

STORY OF ORIGIN



As a child, Kroger left school and worked himself to **exhaustion** on a farm. When he could physically take no more, he returned home and found a job as a goods peddler. His hard work helped him become a store manager, but when he felt that the job was limiting him, he set out to **create** his own store, "The Great Western Tea Company."

The Great Western Tea Company differentiated itself on product quality and **transparency**. Kroger said, "It is all very well to sell pink salmon provided it is sold as pink salmon, not as red or top grade salmon." Kroger had learned that customers knew **quality** and realized when stores tried to trick them.

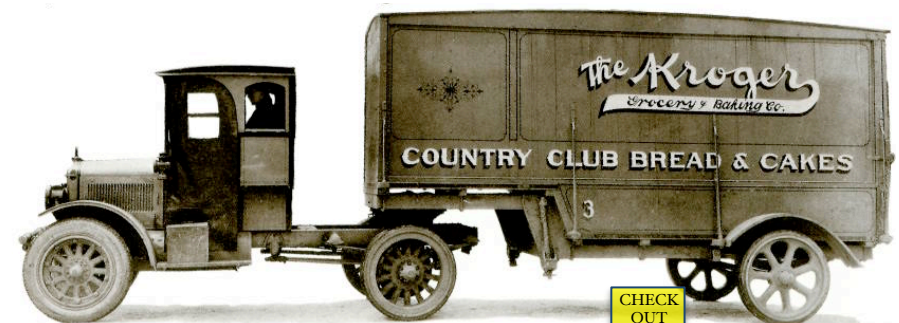
Times were good, but unexpected tragedies soon followed. One day, Kroger's business partner thought he could beat a train across its tracks. This led to a diseased horse and ruined goods, costing the pair to lose 75% of their assets. When the Ohio River flooded his store and ruined all of his stock, Kroger **worked harder** than ever.

Investigation

COMPANY HISTORY



- **1883:** First store opens at 66 East Pearl Street in Cincinnati.
- **1901:** First to operate its own bakery.
- **1904:** First to sell meat and groceries under one roof.
- **1905:** During severe winter, donated 300 loaves of bread per week to the poor.
- **1913:** Replaces horses and wagon teams with 75 Model T trucks.
- **1930:** Kroger Food Foundation is established, the first to test food products scientifically.



Investigation

COMPANY HISTORY

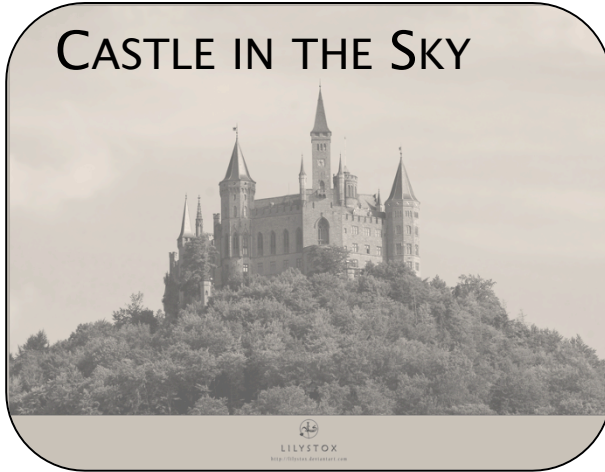


- **1937:** Largest flood in the history of the Ohio River valley devastates the heart of Kroger's operating area.
- **1971:** Labels products with expiration date, insuring fresh perishables for shoppers.
- **1972:** Kroger pioneers the use of an electronic scanner checkout system.
- **1977:** Stores equipped with heat recycling equipment to reduce energy costs.
- **2001:** Kroger named one of America's "100 Best Corporate Citizens" by Business Ethics.
- **2007:** Kroger is named "Retailer of the Year" by America's Second Harvest, the nation's largest hunger relief organization. This marks the fifth time in seven years Kroger has won this honor.

Investigation

Differentiated

Distinctive



Reactive

Competitive

Soulful Excellence

Operational Excellence



Investigation



DESTINY SESSIONS



Mr. Greg Libowsky *Atlanta Regional Manager*

- “Customer first” is the key strategy to Kroger’s growth.
- “Kroger’s people are its biggest strengths. Everybody has prices, everybody has sales. We all sell groceries. The biggest advantage to Kroger is its people.”

Ms. Lorie Smith *Customer Communications Manager*

- “Growth is in the customers’ hands.”
- “Kroger is built on integrity. It is a company that is honest and believes in their customers’ honesty, integrity, and respect.”
- “If Kroger were to disappear tomorrow, the world would lose a first class class retailer that services a community.”



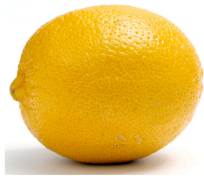
ETHOTIC THEMES

Ethotic Themes



Love Delivers

Always bringing compassion to the workplace



No Lemon is a Lemon

Product quality sees us through



Trained Through Setbacks

Hard work and motivation are the seeds to success



First to Rise

The innovative Baker for future generations

Ethotic Themes

LOVE DELIVERS

Always bringing compassion to the workplace

It was 1886 when Barney Kroger married his wife, Mary-Emily Jansen. Their **love** blossomed out of a series of Kroger's home-deliveries to the family.

It was following this love that the Kroger supermarket entered its most prosperous years, becoming a store built upon the values of **compassion** and **social responsibility**.



“The thing that matters is an attitude toward values.” - Barney Kroger

Ethotic Themes

FIRST TO RISE

The Innovative Baker for future generations

Kroger pioneered a consumer experience extending beyond just a typical store. It was the first to combine meat, bread, and fresh produce under one roof. It was the first to have an on-site parking lot to enable a more convenient shopping experience. Barney Kroger was always the **first** person to arrive at the store and the last to leave at night.

Every Kroger employee should be the first to hold open a door, the first to pick up litter, the first to help someone in need, the **first to rise**.



“First: Do it first. When seasonable prices go down, be the first to reduce them.”

- Barney Kroger

Ethotic Themes

NO LEMON IS A LEMON



Product quality sees us through

“Particular” was one of Barney Kroger’s favorite words. Driven by the morals his mother instilled in him, Kroger consistently sought to give his customers every bit of **quality** that they expected. When a salesman attempted to promote new labels for Kroger cans, he stripped the label from the can and demanded to see its contents.

Kroger ensured that *no lemon is a lemon*.

*“My customers don’t eat labels, they eat corn!” -
Barney Kroger*

Ethotic Themes

TRAINED THROUGH SETBACKS



“I will do all I can, I will give every minute it requires.”

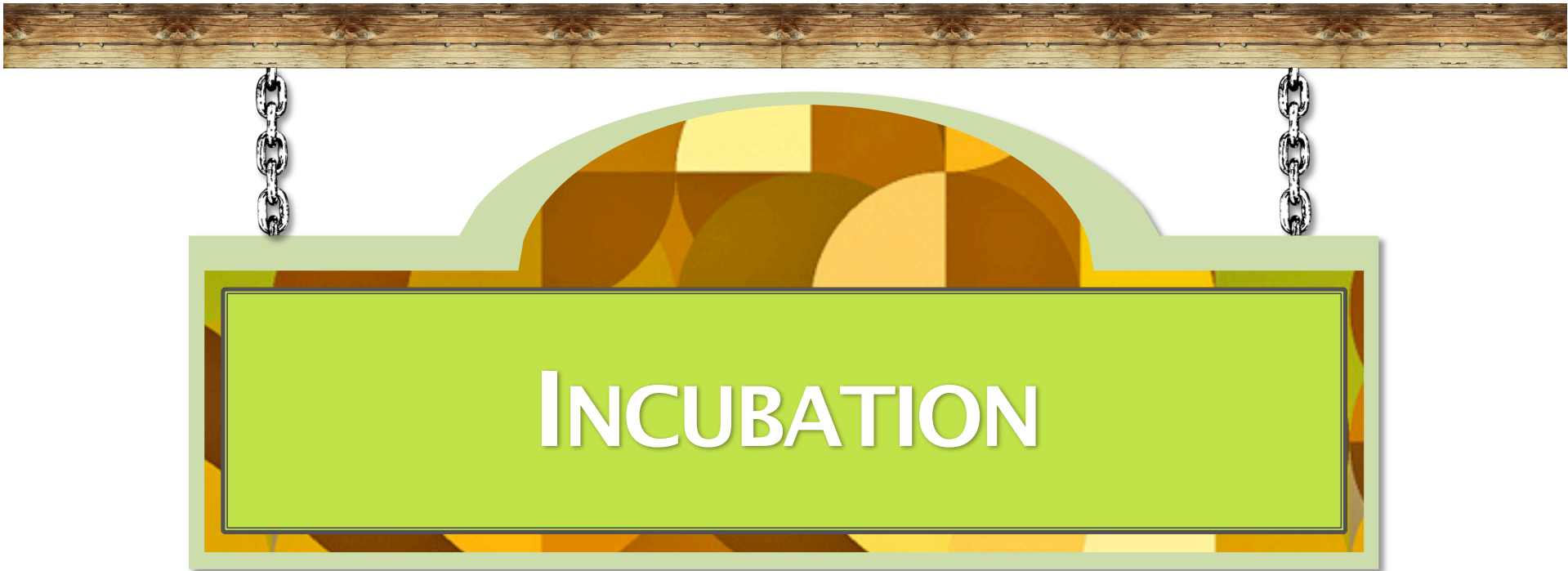
- Barney Kroger

“Hard Work and motivation are the seeds to success”

Throughout his lifetime Barney Kroger endured many hardships. During a delivery, The Great Western Tea Company was impeded with a severe **train crash** in which his wagon was splintered to pieces and he lost his favorite horse.

When the Ohio River flooded, all of the company’s stock was ruined. The very same year the company almost experienced **bankruptcy**, he endured both the death of his wife and son.

Regardless of the mishap Kroger never once thought of quitting; instead, he learned to persevere. We are **trained through setbacks**.





Incubation

JUDGE REEVES

Superior Court Judge Reeves gave us insight into the three principles that Barney Kroger lived by: fairness, value, and honesty.

“Fairness follows the golden rule – do onto others as they happen to do unto you. For Kroger that translates into: *Treat your customers the way you would like to be treated.*”

“It’s hard to be fair in business if you’re not being honest with your customer.”

Takeaway: To deliver fair value, Kroger must be thoughtful and understanding of **people’s needs, backgrounds, and daily struggles**. Honesty is an essential ingredient of fairness. Honesty involves letting products stand on their own, **without excessive embellishments**. When customers shop at Kroger, what they buy is what they get, and that is fair value and quality at the price they paid.



Incubation

RASHELLE BERRY

Nutritionist and Dietician for autistic children
Rashelle Berry taught us about the nature of trust and consumer eating patterns.

“The parents need to feel that their kids are safe and that people are listening to them. **They need to feel like I care...**”

Takeaway: Kroger can **instill trust** by embracing the customers’ interests, goals, and problems as the company’s own. Through its quality products, Kroger shows its expertise in the industry; through its customer service, Kroger shows its **empathy and compassion**. Kroger must address the needs of cost and convenience by providing a grocery store where everything is available under one roof and offered at fair value.



Incubation

CARLA FREEMAN

Anthropology Professor Carla Freeman spoke to us about consumption patterns and the development of the grocery store.

“For consumers, cost is one of the most important factors in making purchase decisions. Consumers also want to feel connected to their grocery store. My husband and I used to shop at Kroger, but now we shop at Publix because we know the butcher who cuts our meat and we get a much **more personal experience.**”

Takeaway: Kroger needs to provide a consumer shopping experience that involves more than just buying groceries. Interaction with the employees and involvement with the store’s daily activities are ways Kroger can encourage customers to **connect with the store**. Delivering compassion is a key element to Kroger’s enduring success.





Illumination

THE MASTER IDEA

HONESTY CAN



Illumination

MASTER IDEA DESCRIPTION

HONESTY CAN

We are a grocery store. A grocery store that stands behind our products. We pride ourselves in letting our food shine on its own, not hiding behind labels, so that our customers know exactly what they are buying. **We promise to do right by people.**

Barney H. Kroger did what came naturally to him. His drive to innovate and **undying perseverance** led to the creation of a company that embodied his own attributes. We seek to give our customers nothing less than **full value** for their money and the **trust** they place in us. Fulfilled with the dream of something better, and a can-do attitude, Kroger taught us that integrity can do anything. He taught us that **HONESTY CAN**.



Illumination

MASTER IDEA DESCRIPTION

HONESTY CAN

HONESTY:

An expression of fairness and sincerity, marked with integrity, humbleness, and straightforward conduct. Kroger embodies honesty in both its store operations and in the food on its shelves. You come to Kroger with the comfort of knowing that you are bringing home **honest food** produced by **honest people**.

CAN:

Embodies both the **action** of being able to do anything and the **shelf stability** of a can of food. Barney Kroger believed he could improve the grocery store experience and overcome any setbacks that came his way. Kroger's cans represent a "**can-do**" **attitude**, and goes a long way in providing subsistence, whether for our troops in battle or for those in need. In a can, you find the joy of **giving and receiving**, and the ability to **accomplish** extraordinary things.





Illustration



INTERNAL



FOOD DEMOCRACY

Bringing back the ancient **Greek Agora**, we create a marketplace of exchange. Employees come to an open space within the store, where topics such as product selection, food quality, and shopping experience are up for discussion. Everyone brings their most original ideas and illustrates them by setting up booths on the floor. The booth with the most votes is presented to senior management for possible execution. Employees can also test out their new recipes by bringing food to share.



Illustration

INTERNAL

FIRST TO RISE GETS THE FIRST TO RISE

Every Monday, we give the first employee to arrive at the store the first loaf of bread to rise. We celebrate the dedication and **pioneering spirit** of our employees.





Illustration



INTERNAL



FEEDING
AMERICA™

OUR CANS ARE YOUR CANS



We sponsor **Feeding America** by donating a portion of profits for every can of food we sell in our stores. Employees form teams to organize canned food drives in their local communities. The team who gathers the most cans are rewarded with a trip to their dream destination, showing that dreams can come true when we lend a helping hand.

An illustration of a grey honesty box with a slot for notes. Four white, wavy-edged callouts contain handwritten-style text. To the left, two green signs hang from a wooden beam: the top one says 'Illustration' and the bottom one says 'INTERNAL'.

Illustration

INTERNAL

HONESTY BOX

"I told my friend I like the blouse she bought, but I think it's horrendous."

"I met an amazing girl at a bar and we kissed. I have a girlfriend."

"I called in sick to work because it was just one of those days."

"My boyfriend thought I made a home-cooked meal, but I actually ordered it from a restaurant."

An **honesty box** at the office where employees can drop in anonymous confessions of an act of dishonesty. Employees then read notes aloud with each other and share experiences at weekly 'honesty' luncheons whilst dining on the most fresh, raw, and honest produce from the Kroger store.



Illustration



EXTERNAL

KROGER KEEPERS



We bring back the grocery delivery service, including free delivery for the **elderly and disabled**. “Kroger Keepers” go beyond being the conventional delivery man, assisting in stocking the pantry and providing diet improvement suggestions for health concerns. On occasion, customers receive an extra “favorite food item” as a surprise in their delivery bag.

Illustration

EXTERNAL

DELIVERING ON LOVE

Kroger brings the love back into people's lives by providing a **flower delivery service** for those who wish to deliver love to a special person in their life. Surprise bouquets of flowers are delivered to the homes of loyal Kroger customers. Flowers are placed randomly on the windshields of cars parked in the Kroger parking lot.



Illustration

EXTERNAL

FOOD DEMOCRACY CAMPAIGN

We hold monthly “food democracy” fairs in the parking lots of Kroger supermarkets. **Food samples** of Kroger brand products are given to attendees and ranked from best to worst.

Kroger products receiving the lowest scores are improved through quality control.





MASTER IDEA FILM