



## Creating an Organizational Culture of Delightful Customer Intimacy at Publix Super Markets, Inc



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### ABSTRACT

Publix Super Markets, Inc. is a Florida-based grocery chain which has around 190,000 employees going into the 2017 fiscal year. Furthermore, Publix serves over one million customers every day in the United States, and there are no immediate international expansion plans at this time. Publix, named after a chain of motion picture theaters, is the seventh-largest private company in the U.S. with about \$34 billion in sales. It was the first supermarket chain to install electric-eye doors, Muzak, fluorescent lighting, and air conditioning in its stores. Publix was also one of the first companies to have water fountains, self-service shopping, shopping carts, and computerized scanning technology. Since 1997, Publix has been rated as one of the best companies to work for in America as reported by Fortune magazine. At Publix, everything they do revolves around pleasing the customer; this is why they have enjoyed the kind of success they have had over the past eight decades. Publix's goal is to make every customer feel personally valued in such a way that they see themselves as one in a million. This profile focuses on the company's customer intimacy philosophy and how Publix satisfies and delights its customers daily to help them become the "premier quality food retailer in the world." The best practices can serve as a benchmark for firms that are aspiring to become leaders of their industries.

**Keywords:** Publix, Supermarkets, Customer, Intimacy, Delightful service, Fortune 100.

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### 1. THE COMPANY PHILOSOPHY

By 2016, Publix's was operating over 1,100 stores in Florida, Georgia, South Carolina, Alabama, Tennessee, and North Carolina which makes the largest employee-owned supermarket chain in the United States. According to Publix managers, over 25,000 of their employees have been working with them for ten or more years. Also, for many years over the past few decades, Publix has outperformed the S&P 500 Index and the customer Peer Group Index with regards to return on investment, and therefore has been listed as one of the best companies in America (Moskowitz, 2003). The Peer Group includes A&P, Albertson's, American Stores, Bruno's, Food Lion, Giant Foods, Hannaford Bros., Kroger, Safeway, Smith's Food & Drug, Weis Markets, and Winn-Dixie.

A key differentiating factor in Publix's success formula, can be attributed to the philosophy of its founder, Mr. George W. Jenkins who stated that "some companies are founded on policy. This is wrong. Philosophy, the things you believe in, is more important. Philosophy does not change frequently ... and is never compromised ... we attempt to adapt a philosophy in such a way as to allow ordinary people to achieve the extraordinary ... to reach higher... to look upon average with disdain." The philosophy of caring for people has been embedded in Publix's corporate culture throughout its stores. Publix associates understand that they are not just in the grocery business but also in the people business. Therefore, taking care of associates, customers, suppliers, and community members is important to Publix people and the communities which they serve.

George Jenkins once said that "Publix will be a little better place to work or not quite as good because of you" (Personal Communication between Bahaudin G. Mujtaba and Mr. George W. Jenkins, during Mr. Jenkin's 1989 visit to the Altamont Springs Publix in Central Florida). A philosophy of employee appreciation has been embedded in the culture of the organization; so when the upper echelon visits retail stores, especially during appreciation week, they make it a point to personally see and thank every associate. They understand that people need recognition and sincere thanks for their hard work and commitment to the company. According to Howard Jenkins, member of the Publix board and retired CEO, "growth is the end result of a simple equation. As each of us continues to please our customers, more customers will look to Publix for their shopping needs. We must never lose sight of exactly what those needs are." Table 1 presents some of the highlights in the evolution of Publix's growth.

**Table-1.** Highlights of Progress at Publix over the Years

<b>Year</b>	<b>Milestones / Accomplishments</b>
1930	First Publix Super Market opened in Winter Haven, Florida.
1940	First store known as the "marble, tile and stucco food palace" built in Winter Haven, featuring such revolutionary retail concepts as air conditioning, wide aisles, and electric-eye doors.
1944	Publix bought the 19-store chain of All American Food stores in Lakeland and moved the headquarters to Lakeland.
1950	New 70,000-square foot grocery warehouse built in Lakeland. Today this warehouse occupies over 2,000,000 square feet.
1957	Publix Employee Federal Credit Union opened in a Lakeland warehouse.
1959	Publix opened its first store in Miami and bought seven stores.
1963	Publix opened the Southeast Coast Headquarters and Distribution Center in North Miami.
1971	Two stores opened in Jacksonville.
1973	Publix opened the Bakery Plant and constructed the Produce Distribution Center in Lakeland.
1974	Publix sales passed \$1 billion annually. Publix opened Distribution Center and Division Office in Jacksonville.
1975	Publix Employee Stock Ownership Trust (ESOT) started this year.
1980	Publix celebrated 50 years of shopping pleasure. Dairy Processing Plant opened in Lakeland. Checkout scanning implemented chain-wide. It was during the early 1980's that Publix started being open on Sundays.
1984	Publix sales passed \$3.23 billion. According to Progressive Grocer, Publix's 2.36% before tax net was the highest of top ten super market chains, 2 ½ times better than Safeway – the industry leader.
1986	Publix opened its first Food and Pharmacy stores in Orlando and Tampa.
1990	Publix had 400 stores and 74,000 associates in Florida.
1992	Publix announced their expansion plans to Georgia and South Carolina.
1993	Implemented a company-wide Quality Improvement Process (QIP) and Work Improvement Now (WIN) tools for fact-based decision-making and employee empowerment.
1994	Publix implemented a chain-wide Customer Intimacy program. Sales were \$8.66 billion.
1998	Publix has sales of over \$12 billion and 120,000 associates. Almost 600 stores in four states.

*Continue*

2000	Publix was ranked 132 on the Fortune 500.
2001	Charlie Jenkins Jr. replaced his cousin Howard as CEO of the company.
2002	Publix began opening stores in Nashville Tennessee.
2005	Publix celebrates its 75 <sup>th</sup> anniversary.
2008	Ed Crenshaw becomes the new CEO. Todd Jones becomes Publix's sixth president.
2009	Publix opens its 1,000 <sup>th</sup> store at Murabella, St. Augustine (St. John's County), Florida.
2010	On February 18, 2010, for the 16 <sup>th</sup> consecutive year, Publix is ranked as the highest-ranking supermarket for customer satisfaction.
2012	Received United Way Summit Awards for Philanthropic Engagement and Community Impact.
2013	Named as a United Cerebral Palsy Outstanding Employer for people with disabilities.
2014	Received the GreenChill Achievement Award from the Environmental Protection Agency. Named Environmental Steward of the Year by Florida Recycle Today.
2015	Retail sales in 2015 reached \$32.4 billion. Received the Safe Quality Foods Achievement Award for Manufacturer of the Year.
2016	Once again, named as one of <i>Fortune's</i> "100 Best Companies to Work For" and listed as one of America's Best Employers by <i>Forbes</i> magazine (2016); The 10 <sup>th</sup> largest-volume supermarket chains in the USA; has over 1,128 stores and employs over 184,500 associates. Todd Jones becomes Publix's CEO.

Source: Created by the authors of this article.

Publix associates are encouraged to interact with their customers on a daily basis. Publix associates constantly attempt to keep their fingers on the pulse of the customer in order to get immediate and local feedback. One of the District Managers in Central Florida region used to encourage, and in some cases require, department managers to learn at least two customers' names, every day through face-to-face introduction and interaction. This is important because Publix employees serve their own communities and through this face-to-face interaction they can better determine customers' needs, wants, and desires faster than any research firm could ever do. Also, research shows that nearly 75% of supermarket shoppers shop and visit supermarkets on weekly basis. So, building a relationship with customers is a necessity as opposed to a luxury in order to stay aware of their needs and expectations in each community.

It is through these types of programs and committed people that Publix is able to offer its employees an environment "where *working* is a pleasure" and its customers an environment "where *shopping* is a pleasure." Publix associates' success with customers originates from their belief that no sale is final or complete until the meal is eaten and fully enjoyed. It is only then that they believe they have made a positive and lasting impression. Publix's guarantee, which every associate is aware of, reads that "we will never, knowingly disappoint you. If for any reason your purchase does not give you complete satisfaction, the full purchase price will be cheerfully refunded immediately upon request." These are not just words to live by but they are moral imperatives for retailers which have made Publix the successful and innovative giant it is today.

## 2. KEY SUCCESS FACTORS

There is strong competition in the supermarket industry. For example, Wal-Mart, now the #1 retailer in the world, is opening major supercenters throughout Florida and across the globe (Mujtaba and Maxwell, 2007). However, Publix is not willing to concede their customers to the competition. Bill Fauerbach, a former vice president of the Miami Division, said "only we can give our customers a reason to shop elsewhere. As long as we take care of our customers better than anyone else, we will defeat our competition." According to *Forbes*, Publix is the most profitable grocery chain in the nation: Its net margins, 5.6% in 2012, trounced Wal-Mart's (3.8%), as well as those of every public competitor, ranging from mass

market Kroger (1.6%) to Whole Foods (3.9%). The new generation of Publix leaders understands that complacency is their number one enemy; therefore they continue to focus and improve on factors which have made them successful in the past.

Publix has demonstrated their commitment to this principle when entering the Atlanta market in 1991, where Publix took the lead over both Kroger and Wal-Mart with market shares of 27, 25.5 and 23 percent respectively. Publix has succeeded in this highly competitive market by emphasizing less clutter, more consistent product placement and faster checkout experiences, along with intensive customer service training.

They further understand that delivering superior customer value is a race without a finish line in today's fast-paced world. Therefore, they never lose sight of caring for people, delivering quality products and service, and excellence in everything they do. The previous president of Publix, Ed Crenshaw, in 1995 during his first year in the office introduced four success drivers for the company. The four drivers are: *knowing the business, knowing the product, knowing the customer, and continuously training people*. Therefore, every department has implemented different means of doing a better job with these four success drivers.

Publix has instituted a world-class training program for its perishable departments like deli, bakery, produce, and seafood. The goal of getting to know the customer has made Publix better than ever with regards to understanding customers and fulfilling their needs in a timely fashion. Publix's customer intimacy program has enabled managers to keep their fingers on the pulse of the customer on a daily basis. This focus on customers has encouraged management to gather feedback not only from their own customers but also from their competitors' customers. They gather data and feedback from satisfied as well as dissatisfied customers because they understand that using biased data to make generalizations regarding all customers is more dangerous than not using them at all.

Publix continuously collects data from its store associates using a program called Associate Voice Survey (AVS). For example, during 1997, over 90,000 retail and support associates completed this survey and, as result, Publix learned that communication was the dominant factor in associate satisfaction while customer service, loyalty, and positive co-worker attitude ranked as the next top three satisfaction drivers. Another positive outcome of AVS was that, many departments and stores created cross-functional and *ad hoc* teams to discuss opportunities for improvement. Furthermore, Publix has invested heavily in developing an internal professional development curriculum to develop associates' skills and help them assume greater responsibility and leadership roles at Publix. Howard Jenkins once said to employees that "we envision Publix as a world player. And there will be bumps in the road as we grow larger and spread further. I need each of you to help me uphold our mission to be the premier quality food retailer in the world." This type of a statement from a top company representative can be very influential and encouraging with regards to teamwork, taking personal responsibility for results, and overall financial performance.

A major factor contributing to Publix's ongoing success is their loyalty and commitment to employee training. Most employees begin working for Publix at a young age and tend to stay there after college as well. There is story about a young man that had recently graduated from college and was hired by a supermarket. On his first day on the job, the manager greeted him with a warm handshake and a smile, gave him a broom and said, "Your first job will be to sweep out the store and then we will begin mopping." "But I'm a college graduate," the young man replied indignantly. "Oh, I'm sorry. I didn't know that," said the

manager. "Here, we do have on-the-job training so give me the broom - I'll show you how!" This story represents the spirit of mentoring, training and hands-on development at Publix.

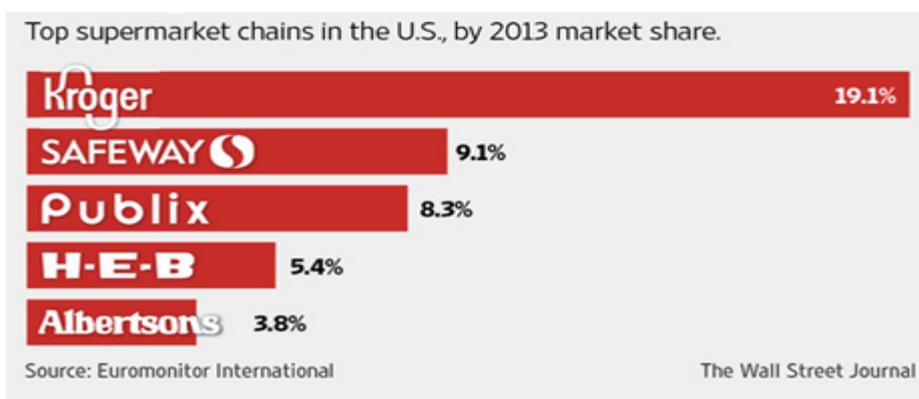
### 3. INDUSTRY TRENDS AND RANKINGS

**Industry Trends.** Although U.S. food spending has been on the rise, supermarkets are not capturing their fair share (see Figure 1). Alternative formats, such as supercenters, warehouse clubs, extreme value grocers, natural/organic and specialty/upscale food markets, and non-traditional channels, e.g., dollar stores, drug stores, are all increasing their grab for the food dollar.



**Fig-1.** Growth in Food- at – Home Spending vs. Supermarket Industry Sales  
 Source: U.S. Department of Commerce and TNS Retail Forward

The major supermarket players in the industry are also embarking on store-based rationalization (see market share data shown in Figure 2). Lackluster financial performance has plagued some supermarket players in recent years, so to turn things around, some supermarket operators are focusing on their most profitable units and exiting non-core markets, divesting their unprofitable units and non-vital operations to home in on geographic areas where they typically are first- or second-place market share players.



**Figure-2.** Top Grocers in the US

Alternately, the focus is beginning to shift to differentiation and performance improvement vs. size. Conventional supermarket operators are finding it difficult to compete on price with Wal-Mart and other value-oriented grocers at the low end and shopping experience vs. natural/organic and specialty/upscale markets at the high end.

Consumers are clamoring for food that is simple, less-processed, and genuine, so nutrition continues to remain a strong focus within the grocery industry. “The number one fixation on food companies’ minds is ‘clean label’: natural ingredients and shorter ingredient lists that look like you made it at home,” says Lu Ann Williams of Innova Market Insights. To that end, consumers are increasing their consumption of fruit, bottled water and yogurt while decreasing their intake of carbonated soft drinks and fruit juice, according to data from the NPD Group—and sugar, where a Reuters/Ipsos poll revealed that 58 percent of Americans try to limit the amount of sugar they consume (after the most recently published federal dietary guidelines recommending that “added sugar” make up no more than 10 percent of daily calories). Fruit for example, is increasing in popularity and is now the second-most popular food consumed in the United States of America, up from the No. 5 position 10 years ago. Sandwiches continue to be the top food eaten at home and away from home and are now the most popular food in the U.S., according to NPD chief industry analyst Harry Balzer. Companies are increasingly removing artificial ingredients from their products as well, General Mills has stripped some artificial flavors and colors from the remaining 40% of its cereals that still contain them, and it wants to have more than 90% of its cereals free of artificial flavors and colors by the end of 2016. Campbell Soup announced it would remove artificial colors and flavorings in all of its North American food by August, 2018. “From Boomers to Millennials, consumers are seeking fresher, less-processed foods”, stated Campbell CEO Denise Morrison.

Consumers "right to know" is changing food purchasing today. Large enterprises such as Campbell Soup Co. and Wal-Mart Stores Inc., companies are rushing to meet consumers’ increasing demand to know more about what’s in their food, where it came from, and how it was produced. Much of this is being driven by consumers’ heightened concerns about health and the environmental and social impact of food production, as well as regulatory and safety worries. Hershey Co.’s new “smart labels” are putting more nutrition information on packages and eventually could showcase where it buys its ingredients. Kellogg Co. and General Mills Inc. now feature on their websites, names and profiles of farmers who grow wheat and oats for their cereals. Wal-Mart’s Sam’s Club unit recently began putting codes on produce packages that smartphone-wielding shoppers can scan to learn where, how and by whom the food was grown.

Concern about food safety is on the rise. A recent study conducted by a subsidiary of the World Health Organization (International Agency for Research on Cancer) found a direct link between the consumption of processed meat and cancer. The Food and Drug Administration recently finalized new rules that for the first time will require U.S. food manufacturers to develop and implement detailed plans to prevent food-borne illness, regulations that now move the government closer to implementing the Food Safety Modernization Act that Congress passed in 2010, representing the most sweeping revision of federal food-safety laws in 70 years, where it puts more responsibility on retailers to ensure products are safe. Consumer trust of the food supply continues to be challenged. A 2013 Food Survey by Sanford Bernstein shows that individuals who are very active on social media tend to be more distrustful of the food system than others--nearly half of the respondents in the Bernstein survey say they distrust the food system.

"Non-GMO" is one of the fastest-growing label trends on U.S. food packages, with sales of such items growing 28% in 2013 to about \$3 billion, according to market-research firm Nielsen—Non-GMO sales soared by an average of 70 percent annually from 2013 through 2015 and topped \$13 billion by the end of 2015. According to PepsiCo’s chief executive Indra Nooyi who told investors in a conference call last year. “Consumers are willing to go to organic non-GMO products even if it has high salt, high sugar, high fat.” In a poll of nearly 1,200 U.S. consumers for the *Wall Street Journal*, Nielsen found that 61% of consumers

had heard of GMOs and nearly half of those people said they avoid eating them. The biggest reason was because it "doesn't sound like something I should eat." Genetically engineered seeds have been sold commercially in the U.S now for over two decades, where the crops grown from such seeds are the norm in the American diet, used to make ingredients in about 80% of packaged food, according to industry estimates. Grass roots campaigns in several states are now pushing for mandatory labeling of foods with GMOs.

Today, obesity continues to be a major problem. Some 38% of Americans are obese, the Centers for Disease Control and Prevention reported in late 2015, compared with about 12% in 1969. The statistics are worse among the poor. Obesity rates in America's poorest counties are roughly 12% higher than the national median. About 42% of Hispanics are obese, as are 48% of African-Americans, according to the CDC.

Another trend is that fewer traditional meals are being consumed at home, and where meal skipping and snacking are becoming more common. Meal skipping and the snack revolution is driven by rapidly changing demographics: the rise in single-person households, the increase in baby boomers with empty nests and the increasingly hectic lives of two-career families. The percentage of Americans who snack three or more times a day rose to 56% by 2010, according to the latest available government data, up from roughly 20% in the 1990s and 10% in the late 1970s. "Snacking used to be an occasional thing, now it is just kind of daily life," says Laurie Demeritt, chief executive of consumer tracker Hartman Group. "There are fewer rules." Further, a 2013 Hartman survey found 48% of Americans skipped meals at least three times a week, and 63% decided what to consume less than an hour before eating.

New technologies are emerging to help supermarkets become more customer responsive. For example, Kroger has begun to install infrared cameras (long used by the military and law-enforcement to track people), which detect the number of people in the store, while software predicts how many lanes should be open. The technology has reduced the customer's average wait time to 26 seconds. That compares with an average of four minutes before Kroger began installing the cameras in 2010. Wal-Mart is testing a new "Scan & Go" system in which customers use the Wal-Mart iPhone app to scan the bar code of the items they want to buy and bag them as they shop. When they get to a self-checkout lane, customers hold their iPhone up to the self-checkout screen, which wirelessly receives the scanned items and prompts them to pay. Wal-Mart introduced smartphone payments at the end of 2015, as a feature to its existing mobile app so consumers can pay at the register with any payment information stored in their Wal-Mart account, including gift cards, debit cards, or credit cards. It released the payment capability to its 4,600 U.S. stores in the first half of 2016.

Private label branding continues to grow with grocers now getting close to 25 percent of their sales from their own brands. Store brands reached \$118.4 billion in U.S. sales in 2015, up about \$2.2 billion from the prior year, according to the Private Label Manufacturers Association. According to the 2014 American Pantry Study (conducted by Deloitte), 88 percent of consumers in 2013 preferred store brands over name brands, and that many store brands were viewed just as good or better than their favorite name brands. Today's cost-conscious shoppers are turning away from premium priced goods produced by name brand labels such as General Mills and Kraft to individual store brands.

**Industry Rankings.** A customer satisfaction survey conducted by *Consumer Report* revealed that Publix Supermarkets was ranked third among 46 chains in a nationwide. Publix scored an 82 out of a possible 100, meaning that customers were very satisfied, on average, according to the magazine.

*Consumer Report* surveyed more than 25,000 of their readers during 2001 and early 2002, asking them to rate the various chains on prices, checkout speed, service and cleanliness. Raley's, an 83-store chain in the West, and Wegmans, a 65-store chain in the Northeast, topped the survey. Raley's scored an 84, while Wegmans had an 83. Differences of fewer than four points are not meaningful, according to the survey, so the top three chains essentially are even. Raley's, Wegmans and Publix each received neutral ratings on prices but excelled in checkout speed, service and cleanliness. According to the 2015 issue of *Consumer Reports*, Wegmans ranked first in the annual supermarket survey for the second year in a row, Publix, ranked second, and Trader Joe's placed third in the survey. Many customers say they don't mind paying a little more to shop in Publix's clean stores staffed with well-trained and friendly employees. "Service is what Publix built its reputation on," said Chuck Gilmer, editor of The Shelby Report, an industry newsletter based in Gainesville, Ga.

Publix is consistently ranked the highest among its competitors in the *American Customer Satisfaction Index* or ACSI (see Exhibit 1). The ACSI, which was established in 1994, consists of uniform and independent measures of how households rate various consumption experiences. ACSI tracks trends in customer satisfaction and provides valuable benchmarking insights of the consumer economy for companies, industry trade associations, and government agencies. The ACSI is produced through a partnership of the University of Michigan Business School, the American Society for Quality (ASQ), and the international consulting firm, CFI Group. The ACSI questions also assess perceptions of value and how well the products or services lives up to customer expectations and whether customers are willing to pay more for them.

YEARS	Base-line	97	98	99	00	01	02	03	04	05	06	07	08	09	
<i>Publix</i>		82	79	79	82	77	81	81	82	81	81	83	83	82	86
<i>All Others</i>		76	73	72	71	74	73	75	75	76	77	75	77	79	78
<i>Kroger</i>		78	74	73	74	71	75	75	71	73	74	76	75	77	78
<i>SUPERVALU</i>		77	74	77	75	75	76	77	77	75	77	74	74	74	77
<i>Whole Foods</i>		NM	73	75	76										
<i>Supermarkets</i>		76	73	73	74	73	75	75	74	73	74	75	76	76	76

**Exhibit-1.** American Customer Satisfaction Index Scores

Source: The American Customer Satisfaction Index. [http://www.theacsi.org/fourth\\_quarter.htm#sup](http://www.theacsi.org/fourth_quarter.htm#sup)

The National Quality Research Center polled more than 50,000 customers on 200 companies. The University of Michigan measured the responses according to six quality indexes and scored the companies on a 100-point ACSO Index (see table 2). Publix has consistently scored higher than their industry competitors since the ACSI index scores for the supermarket industry were first compiled in the mid-90s. In another ranking by *Fortune*, Publix moved up to the number two spot in the Food and Drug Store Industry for America's Most Admired Companies. Walgreens took first place. While Publix has had its share of success and recognition as a tough competitor, the fact remains that it is still relatively small compared to other supermarket giants with regards to the number of stores and yearly revenues.

**Table-2.** Publix and Competitors - A Comparison (*Revenues in Millions*)

Company Name	# of Stores in 2015	Revenues in 2015 (billions)	Revenues in 2009 (billions)	Revenues in 1996	Revenues in 1995	Revenues in 1994
Kroger Co.	2,700	109.8	76.148	25,170	23,937.80	22,959
Safeway (Albertsons / 2015)	1335	57.5	44.104	13,218	12,955.49	11,787
Publix	1,100	32.4	24.320	9,005.93	8,210.88	7,932
Whole Foods	431	15.4	8.032	17,269	16,397.50	15,626

Source: Created by the authors of this article.

Publix continues to lead in the highly competitive supermarket industry where its annualized sales per square foot is \$548, just behind Whole Foods' \$820. Rivals Supervalu and Safeway Inc. all had sales figures at their supermarket-format stores between \$460 and \$490.

Customer approval continues to remain high. Publix received an approval score of 82 out of 100, according to the American Customer Satisfaction Index, a national survey of grocery shoppers conducted by the University of Michigan. It was the chain's 15<sup>th</sup> consecutive year ranking above Kroger, Whole Foods and Safeway. Publix has received various rankings and awards for being a caring employer, an industry leader, and for being socially responsible and sustainable in the community. Publix, as a caring employer:

- Ranked No. 1 nationwide in giving to March of Dimes (2016)
- Honored as a United Way Outstanding Strategic Partner (2014)
- Recognized as a Feeding America Leadership Partner (2014)
- Received United Way Summit Awards for Philanthropic Engagement and Community Impact (2012)
- Named by Child magazine as one of the Top 10 Child-Friendly Supermarkets (2003)
- One of the top companies in Fortune's list of "100 Best Companies to Work For" (2003)
- One of Jacksonville Magazine's top 25 Family Friendly Companies (2002)
- One of the nation's Outstanding Employers of Older Workers, according to Experience Works (2002)
- One of BestJobsUSA.com's "Employers of Choice 500" (2001)
- One of Central Florida Family magazine's top companies for working families (1999)
- One of the top 10 companies to work for in America in the book, "The 100 Best Companies to Work for in America" (Currency/Doubleday, 1993)
- Won the 1996 United Way's *Spirit of America* award

### 3.1. Company Earnings

As of August 2016, Publix's sales for the second quarter of 2016 were \$8.1 billion, a 2.1 percent increase from 2015. It was also mentioned that their net earnings for the second quarter of 2016 were \$478.2 million. Overall, the company's sales for the first half of 2016 were \$16.8 billion, a 3.3 percent increase from 2015. And their net earnings for the first half of 2016 equaled to \$1.1 billion, compared to \$1 billion in 2015, which represents an increase of 2.8 percent. While Publix stock price has not improved in 2016, their overall revenues and net earnings have grown. As a result of their continued growth and improvements, Publix's former Chief Executive Office, Ed Crenshaw, was once quoted as having said that "Our associate owners continue to deliver exceptional customer service, the key to our success."

According to Howard Jenkins, these positive results come as no real surprise to the people of Publix. He further stated that “Publix people have been working hard, preparing for an even grander vision of our future. Earlier in this decade, we committed ourselves to a mission to become the premier quality food retailer in the world. We introduced our own quality improvement process and later adapted a discipline of *Customer Intimacy*, which is helping us to listen more effectively to our customers. All of these initiatives have engaged the resourcefulness of thousands of associates from every area of our company. Together we are discovering powerful new methods for delivering customer value.” These successful results actually make Publix an attractive place for employment. As of 2010, Publix reported on their website that the average income earnings for various management positions in the retail stores are as follows:

- \$44,300 per year for Assistant Department Managers
- \$64,600 per year for Department Managers
- \$76,400 per year for Assistant Store Managers
- \$110,700 per year for Store Managers

Non-management employees who work part-time or full-time can actually earn average salaries up to \$25,000 annually depending on their expertise, hourly salaries and longevity in the company.

#### **4. SERVICE WITH A SMILE: THE PUBLIX STYLE**

The author of the slogan “*Where shopping is a pleasure*”, the late Mr. William (Bill) Schroter became a legend within the Publix culture as the spirit of the statement spread throughout the company and became part of the Publix culture. Mr. Schroter started working for Publix in 1949 and served the company for over forty years, retiring in the early 1990’s and died in 1998. Publix’s slogan “*Where shopping is a pleasure*” replaced an older slogan, “Florida’s Finest Food Stores”, which according to Mr. Schroter was self-congratulatory, offering no promise to customers. The current slogan or value proposition tells Publix employees that their customers want more than just groceries. Publix people know that customers want good quality, excellent prices, and a good shopping experience. While quality products and good prices are very important to creating customer value, they are not enough to keep customers coming back to their stores. Therefore, Publix associates have always been receiving training on relationship-building techniques in order to better understand customers and quickly take care of their needs.

Publix’s mission statement very clearly states that Publix is passionately focused on customer value. Publix is committed to satisfying the needs of their customers as individuals better than their competition. While their competitors can offer good prices and quality products, Publix wants to stand out in the customer’s mind for consistently providing *delightful* customer service in every shopping experience. Competitive prices and quality products must exist in order for a business to be successful and are easily duplicated; however providing delightful customer service comes from the culture of an organization which creates superior customer value. This is why Publix associates closely align their daily work habits to stay focused on customers.

Publix people understand that they cannot be casual about achieving *customer intimacy*. They realize that customer intimacy needs an intimate, professional, thorough, consistent, and disciplined method of serving customers that will become a normal way of doing business.

In fact, the goal at Publix has been to build customer intimacy in all of its stores by creating an environment that is both sensitive and responsive to the wants and needs of all customers. Publix spends

considerable time studying the best practices of other companies and incorporates a practical and comprehensive plan for developing customer intimacy in all its stores.

Developing customer intimacy means, at a minimum, working through four phases again and again. Each phase is critical for success of the program and feeds the next phase.

1. *First*, you must understand your customers' wants and needs (with respect to food acquisition and consumption).
2. *Second*, you need to understand your customers' perceptions of your company and your competitors' perceptions of your company.
3. *Third*, you need to establish and maintain a strong customer intimacy program throughout the company.
4. *Fourth*, continually improve the customer intimacy relationship program

The philosophy of Publix is not just to satisfy and delight customers one time; customers must be satisfied, delighted, and excited every time they visit or shop at your store. Publix associates are taught that customers are their most valued assets whom must be welcomed, cherished, and appreciated for choosing to shop at their stores. Associates are often asked to reflect on some of the following facts, and others similar to the following, about customers.

- ◇ The average customer spends at least \$5,000 on groceries each year and lives in one geographic area for about ten years (total spending or life-time value (LTV) = \$50,000.00).
- ◇ Attracting a new customer costs companies five to six times more than keeping one who already shops with them.
- ◇ Ninety-five percent of complaining customers will continue to do business with the company if you take care of their problems properly and resolve those problems on the spot.
- ◇ Sixty-eight percent of customers who quit shopping at a particular store do so because they feel the company or an associate was indifferent to a problem they expressed.
- ◇ One dissatisfied customer tells eight to ten potential customers about a problem or bad experience that wasn't addressed in the store. It has been said that each of the eight to ten potential customers are likely to tell at least five more people about the problem or bad experience.

Publix associates understand that if they cannot satisfy customer's requirements and meet their demands, the customer will cease to do business with them and may shop with other retailers (Mujtaba and Franklin, 2007). They remember that if they, as Publix associates, don't offer a great shopping experience for their customers then someone else will. Therefore, all retail associates are taught the *10-Foot* and *10-Second Rules* to help them quickly acknowledge customers. The *10-Foot* rule states that one must acknowledge all customers that are within ten feet of one's surroundings, and the *10-Second* rule states that these customers must be acknowledged within ten seconds of entering into the service counter area or the *10-Foot* zone. Research in the supermarket industry indicates the factors that affect customer loyalty:

- ◇ The largest percentage of customers (68%) leave if they perceive an attitude of indifference.
- ◇ Some customers (14%) leave because they feel they can find better quality products and services elsewhere.
- ◇ Customers (9%) shop elsewhere because they think your prices are higher than your competitors.
- ◇ A few of the customers (5%) become friends with people who work for a competitor and take their business there.

- ◇ Some customers (3%) leave because they move to a different area.

Publix Associates are also encouraged to use their daily observations, customer feedback, survey evaluation, and other data to improve their jobs, better serve their customers, and make Publix a better place “where shopping is a pleasure.” Associates can use Publix’s Quality Improvement Process (QIP), Work Improvement Now (WIN), or other such tools and continuous improvement concepts to improve their jobs based on fact-based decisions and data. These statistical tools are available for everyone to learn and use during their work hours in order to deliver more than what they promise.

Publix teaches the principle of “deliver plus 1%” which states that you must consistently meet your customers’ shopping needs and then exceed their expectations by improving your service one percent. They believe in positively surprising the customer by over-delivering on what customers value. This principle further states that when you make a promise to a customer, you must be consistent and deliver *all* the time. It means before exceeding your customers’ *expectations*, make sure you are satisfactorily meeting their *needs*. And if you promise any extra services, make sure you deliver as promised (Mujtaba, 2014).

Finally, Publix rewards top-notch service by implementing an awards program which shows associates how much management values their efforts to provide *delightful* service to customers. Delightful Service Awards are often given for customer service that is over and above the minimum standards listed on the *Observation Sheet* for the area. Associates are expected to provide great customer service as part of the job requirement. The awards are given to associates who make the extra effort to delight customers who shop at Publix. To receive a Delightful Service Award associates must provide delightful service to a customer in a way that is formally recognized by either the customer, by a “mystery shopper” who is purposely appointed by district management, or by a member of the store management team. Associates are trained and encouraged to set personal goals for themselves with regards to better serving customers and exceeding their expectations. They are asked to find out what they can do to increase and improve their personal commitment to customer intimacy. They are encouraged and rewarded for setting goals to increase their awareness of customers as well as customers’ wants and needs. For instance, associates may set goals like:

- ◇ Learning the names of two or more “regular” customers every week.
- ◇ Identifying new or unusual products in the store, noticing when a customer has selected the product for purchase, and using the new item as a conversation-starter.
- ◇ Noticing at least four customers in a week’s time who may need help locating a product and taking them to it.
- ◇ Volunteering to demonstrate a new product in the store so they can develop or improve their people skills with customers.
- ◇ Conducting their own unofficial mystery shopper evaluation when they shop at a Publix store. This will help them become aware of how they define delightful customer service when *they* are the customer.

Publix provides growth opportunities for all employees who desire to eventually move into management. Their progression charts are made available in retail store so employees can better understand the Positions Leading to Management (PLM). Publix managers mention at least 15 PLMs that offer a variety of career paths and management rank opportunities.



**Figure-3.** Position Leading to Management

(Source: Publix website, 2016)

Once a Publix employee is promoted into a management position, a variety of retail and corporate career paths are available for them to continue advancing. In terms of continuous growth, Publix offers training to help employees master the skills they need to be successful in their existing and future positions. When employees become interested in advancing into new positions, they can formally register their interest through a screening process which hopefully assures that all candidates get a fair consideration for that position.

## 5. ONLINE TRENDS

The decline of physical shopping experiences has been widely reported across many of the western markets. Consumers in the US and the UK admit to spending roughly 11 hours online each day, and globally around 35% of purchases are made online. This trend is even more evident within younger age groups, and as technology increasingly plays a bigger part in their lives so we should expect to see fewer retail experiences occurring in physical stores and more online. E-commerce continues to grow rapidly, totaling over \$334 billion in 2015, and predicted to surge to \$480 billion by 2019 according to Forrester Research. E-commerce is also transforming how rural America shops. According to Kantar Retail, about 73% of rural consumers—defined as those who drive at least 10 miles for everyday shopping—are now buying online versus 68% two years ago. Last year, 30% were members of Amazon Prime, up from 22% in 2014

Over the past decade, US e-commerce has grown almost 18 percent a year, representing slightly less than 10 percent of total retail sales—some analysts predict a jump to 30 percent by 2030. With the accelerating adoption of mobile—today nearly two-thirds of Americans own a smartphone—digital commerce is poised to explode, bringing further changes to retail shopping including a shrinking physical retail footprint. Evidence of retail footprint erosion is that at their peak in the 1980s, there were 56 department store nameplates, today the number has dwindled to roughly a dozen. The remaining chains have closed hundreds of stores in recent years, as they grapple with online competition from Amazon.com Inc. and changing consumer tastes that have made department stores seem antiquated. Sears has indicated that it would accelerate the number of store closings during this year, from 130 to 235. RadioShack, which is negotiating with lenders to gain approval to shutter 1,100 stores and closed 175 locations in 2014. Teen retailer Aéropostale Inc. and Sports Authority Inc. have filed for bankruptcy in 2015.

The past four years has also seen the death of more than two dozen indoor malls, with another 60 hanging in the balance, according to data from Green Street Advisors as was first reported by *The New York Times*. Green Street says that department stores need to close hundreds of locations if they want to regain the productivity they had a decade ago, estimating the closures could include roughly 800 department stores or about a fifth of all anchor space in U.S. malls.

According to a *Wall Street Journal* article ("Shoppers Are Fleeing Physical Stores") in 2015, U.S. retailers are facing a steep and persistent drop in store traffic, shopper visits have fallen by 5% or more from a year earlier in every month for the past two years, according to ShopperTrak, a Chicago-based data firm that records store visits for retailers using tracking devices installed at 40,000 U.S. outlets. Another article ("Where Have all the Shoppers Gone?", *FORTUNE*, September, 2014), suggests that retailers continue to face a "Darwinian struggle for survival", which will ultimately take down some of the best-known brands. The "Black Friday" results confirmed the troubling downward path for brick-and-mortar stores, showing a 10.3 percent drop in sales, down from \$11.6 billion in 2014 to \$10.4 billion in 2015. Online sales on the same day grew 14 percent from last year, bringing in a total of \$2.72 billion.

The number of buying options available to consumers will continues to grow. As a recent Cisco survey of retail trends discovered, e-commerce has added about 40 possible shopping options for a typical shopper. With the rise of the Internet of Everything (IoE) — the explosion in networked connections of people process, data, and things — potential shopping journeys will expand to 800 and beyond. Some of the new options coming into play could include mobile devices equipped for live Web engagements, checkout optimization, mobile payments, wearables, augmented reality, ride-sharing (e.g., Uber same-day delivery launched just over a year ago), and drone delivery.

Finally, consumer discovery is upending the traditional hierarchy of effects model (i.e. awareness---knowledge---liking----preference----conviction----purchase) that has guided marketers for decades and been instrumental in establishing retail brands. For example, unlike traditional advertising, individuals in the social media era have access to content that is not necessarily associated with commercial intent (e.g., to make a purchase); consequently, if a person likes the content, he/she is likely to pass it on to their peers, families, and so on via social media sites, then the content will be quickly diffused without the help of traditional marketing.

## 6. PUBLIX GOES ONLINE

A recent study revealed that by 2007, about 20 million households in the U.S. were purchasing groceries, food and other household items on-line (See Exhibit 2). They spent approximately \$85 billion dollars for mainly food items (Smith, 1999). Wal-Mart is expanding its grocery pickup service, the service lets a shopper order groceries and other products online then choose a pickup time. Upon reach the Wal-Mart parking lot, the shopper calls the store and employees bring the food or other merchandise to the car—there was a minimum order amount of \$30. Target partnered with grocery-delivery service Instacart to let some Minneapolis shoppers order groceries and a limited number of other items online for home delivery within hours.

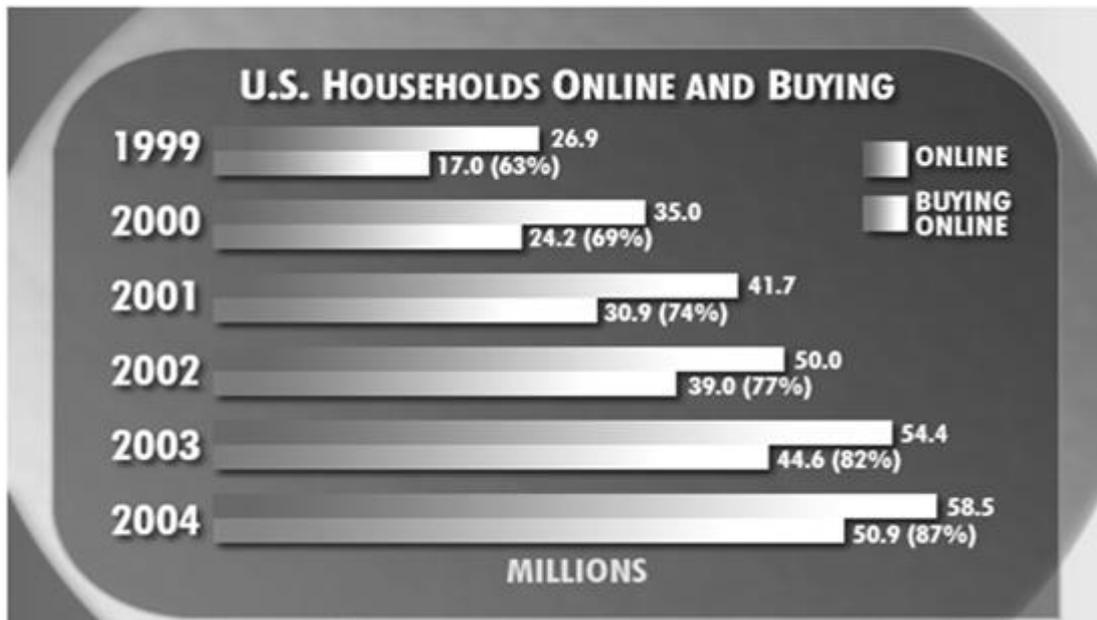


Exhibit-2. Household Online Buying Trends

Source: Smith (1999)

Yet, to date none of the major grocery chains have mastered the online arena. Peapod, Inc. was the first one. Peapod began as a startup with no money. Peapod took phone calls and faxes for orders. Employees filled them at local supermarkets and delivered them to the homes of customers. Peapod was initially profitable, but eventually began to fail when by 1999, they had incurred losses of \$29 million dollars on sales of \$73 million (Peapod was acquired outright by the Dutch giant retailer Royal Ahold NV in late 2001).

California-based Webvan entered the scene in 1999 with much fanfare and was going to revolutionize grocery retailing. Webvan utilized a “central fill” model where large distribution centers costing \$35 million each were dedicated to fill online grocery orders. Customer demand never reached anywhere near levels required to recoup their huge fixed costs investment and Webvan was losing from \$5 to \$30 on every order it handled. Webvan filed for bankruptcy protection in early 2001 and ceased operations later that year.

Profits for Internet grocers were scarce, affected primarily by high shipping costs and regular distribution centers which were not well-suited to handle order fulfillment. Not a single online grocer in the U.S. has been able to turn a profit (Note: Tesco, based in the U.K. has reported a profit in their online operations). Tesco, as well as Safeway and Albertson’s utilize a “store pick” model (see Exhibit 3), where orders placed online are simply drawn from the same goods that are on their store shelves and delivery costs tacked on to the cost of the groceries (as opposed to Webvan’s emphasis on central warehouses). While the warehouse system can be cheaper in the long run, it requires a huge amount of initial capital and a well-developed infrastructure to get the goods from the warehouse to the shopper. Distribution logistics are a “make or break” proposition in online grocery retailing.

A hybrid model appears to be emerging, where grocery items are ordered online and then picked up at the nearest store or central depot. Relay Foods, a recent start-up, offers such a service in three locations as of early 2014, Charlottesville and Williamsburg, VA, and Baltimore. Pickup “turns the economy on its head” said Relay Foods President Arnie Katz.. “Instead of three deliveries per hour, we can do 20”, according to Katz. A major drawback of the pickup model is that it doesn’t allow for spontaneity, and orders

(at least in the case of Relay Foods) must be placed 13 hours in advance (Relay Foods will also deliver for a fee).



Exhibit-3. Stroke Pick Model

Source: Mujtaba and Johnson (2012).

Wal-Mart has invested heavily in a program that lets customers order groceries or household goods on its website for curbside pickup at stores, a program its executives have touted as a key way to compete with online-only retailers. By the end of 2016, the service is available in more than 60 markets. Wal-Mart also recently announced that it is partnering with ride-hailing services Uber, Lyft and delivery startup Deliv to test same-day grocery deliveries, expanding into what's known as "the last mile," or delivery from the store to a customer's home. Wal-Mart's online grocery service applies only to orders of at least \$30, with delivery costing \$7 to \$10 more. As Wal-Mart is handling the delivery arrangement, customers do not need to pay the Uber or Lyft driver separately.

Finally, Amazon is bringing its e-commerce prowess to the grocery industry. AmazonFresh offers delivery of groceries from its closely located warehouses, currently the service is offered in its hometown of Seattle and expanded to Los Angeles and San Francisco. The company is planned on offering the online grocery in 20 other urban areas after 2014, including some outside the United States

Publix was one of the late comers to enter the online grocery business when they launched PublixDirect in September, 2001. Publix, unlike competitors Safeway and Albertson's, followed a centralized or "direct fill" fulfillment approach. PublixDirect served online customers over a 35-mile radius in the South Florida market from a 140,000 square foot distribution center, which was more than twice the size of many of its stores.

The warehouse was divided into areas for frozen foods, vegetables, meats, and poultry. PublixDirect also operated its own bakery which was devoted solely to their online business. For a \$7.95 fee and a minimum \$50 order, PublixDirect would pick up the groceries and deliver them – to a customer's doorstep. Average order size was approximated \$120 per customer. PublixDirect took 18 months to

develop a strategy for the Internet venture, hoping to succeed where many others had failed. For their Internet venture, it stocked only 12,500 items, selecting those that move most quickly off store shelves, whereas the typical Publix carried 40,000 stock keeping units or SKUs.

The company benchmarked earlier grocery online operations to fine tune and perfect their processes including order taking, order fulfillment, and outbound logistics and payment. Orders placed at the company website ([www.publixdirect.com](http://www.publixdirect.com)), would be downloaded at midnight to a central computer, which organized them for pick-up in the warehouse and for delivery by truck. Orders, which could be made seven days in advance, were filled starting at 6 a.m. Each order was distilled into a bar code and attached to a plastic box. When a PublixDirect employee scanned the bar code, a shopping list came up on a tiny computer attached to his or her wrist. The order also appeared on a hand-held computer given to each truck driver. When the goods were delivered, the customer signed for the delivery on the computer screen using a stylus. Payment was made in advance at the website, using a credit card. Customers were issued a paper receipt and were sent a back-up via e-mail. If a customer had ordered beer or wine, the driver would be prompted on the computer screen to check his/her age. Drivers were even asked to cover their shoes with footsies when they entered a house.

PublixDirect believed that the average income of its online target customer would skew higher than its regular store shoppers. Although initially anticipating that its primary target market would be dual income families with household incomes exceeding \$75,000, much to their surprise, the typical shopper attracted to PublixDirect turned out to be single-income households, with stay-at-home moms.

PublixDirect strongly felt that their prospect for survival in the online grocery business would be based on a well-conceived value proposition which included the following:

- Convenient solution to grocery shopping
- Prices similar to local super markets
- Superior product quality
- Superior customer service.

The company benchmarked earlier grocery online operations to perfect their processes for order taking, order fulfillment, and outbound logistics as well as electronic payment systems. In spite of a well-conceived business plan, Publix Direct ceased operations in August, 2003. Charlie Jenkins (CEO of Publix at the time) explained, "We regret that our on-line grocery shopping business did not meet our expectations. Despite many loyal customers and dedicated associates, PublixDirect simply didn't have enough volume to continue this service."

Publix is privately held and has been tight-lipped about the specific reasons leading to the discontinuation of PublixDirect. Although it is not clear as to why PublixDirect failed to meet their internal profit and revenue targets and close their doors (portals), following are some possible contributing factors as to why PublixDirect stopped their online operations ([Mujtaba and Johnson, 2004](#)).

With a few notable exceptions, what most failed Internet grocers overlooked or miscalculated was the disconnect between marketing strategy and the operations strategy. The few successful online grocery success stories (notably Tesco, Sainsbury's, Peapod, and Albertson's) treat their online services to customers as a convenience added option which will cost customers more, but which can then be supported by using the extra funds to support operations aimed at providing convenient timely delivery. A new market such as Internet ordering for home delivery of groceries puts great pressure on the integration of marketing and operations. The need to drive markets from a marketing perspective while simultaneously

keeping a tight rein on operational costs and challenges puts a great deal of pressure on this market. PublixDirect had a huge “nut to crack” due to the operational complexity and high labor costs (one failed Internet-based grocery retailer is said to have required 200 employees to fill 600 orders a day) associated with supporting such an operation. Revenues simply never caught up with the huge upfront investment. The question is would revenues eventually catch up and did Publix pull the plug too soon?

Cost control in online operations is crucial to success. Companies need *scale* and PublixDirect never achieved the volume necessary to “crack the cost nut”. The U.K. food retailer Tesco benefits from high population densities whereby logistical costs can be spread over a larger and more serviceable volume of customers. PublixDirect operated over the length and breadth of Broward County, a sprawling metropolis, where traffic patterns made delivery difficult and expensive.

Internet ordering with store pickup rather than home delivery seems to be the most cost-effective business model. This “store-pick” (Tesco, Albertson’s, and Safeway) rather than the “direct fill” (PublixDirect) approach has turned out to be the most viable fulfillment approach.

The keys to success for online grocer retailing are: convenient solution for grocery shopping, prices similar to local supermarkets, comparable quality to products purchased in the store, and superior service. Publix was able to largely achieve 3 out of 4 of these objectives, but given the large number of conveniently located Publix stores, convenience was not overwhelming in this case. [Note: as a postscript, PublixDirect discontinued operations in August, 2003, just short of two years after it was launched. Its Broward County, FL and surrounding area pilot program failed to meet management’s projected revenues and profits levels for the business].

### 6.1. Current trends

Online technology is certainly going to play a major role in every retailer’s efforts to offer more value for their customers. New forces in the environment, such as technology, are likely to bring about many changes and new procedures. Change is constant and ubiquitous throughout the supermarket industry because customers are becoming more knowledgeable and demanding. In today’s market-based economy, customers want a variety of ethnic foods that are made with quality ingredients and represent their culture; therefore quality service must be aligned accordingly with the best prices in order to deliver superior value.

Over 20,000 new items are hitting the market every year and understanding the value of each product to each customer is no easy task. Therefore, the value of understanding, anticipating, and determining consumer preference cannot be overestimated. Changing effectively is a matter of keeping up with the demands of consumers, offering more value for the customer’s dollar, being competitive, and creating raving fans.

Food safety is becoming a major issue in the grocery industry. According to a *Better Homes and Gardens* panel study, only 20% of the panelists were very confident that the food they buy is safe to eat. Global activist group Greenpeace, joined two other coalitions-True Food Now and GE-Free Markets-which are trying to convince two supermarket operators in California to stop using genetically engineered ingredients in their private label food lines. According to NBC Dateline investigation, seven of the nation’s largest grocery store chains, operating more than 7000 stores in nearly every state, admitted to re-dating meats and fish after they had reached their original “sell-by” date. In the food retailing industry, leaders are paying more attention to ensuring that food products are safe and produced in a clean environment.

According to Todd Rossow, a former corporate quality assurance lab coordinator at Publix, their associates are constantly looking at all the risk factors associated with food quality as well as food safety while attempting to eliminate them.

Today's customers are increasingly more concerned and vocal about the quality and nutrition of the food they purchase. According to research, 70 percent of women and 54 percent of men say they consider nutrition to be an important factor in their consideration of food purchases. Once a niche category, organic foods are becoming increasingly mainstream as small, regional organic food-producing companies have been acquired by major manufacturers. Demand for organic is growing 20-24% annually as Americans spent \$460 billion on groceries and \$35.9 billion on organic items in 2013, according to the Organic Trade Association. Today's nutrition-conscious supermarket shoppers are checking labels as never before. The Food and Drug Administration started requiring that trans fat (trans fats are found in foods ranging from partially hydrogenated oils to fried foods, cookies, pastries, dairy products, and meats) content appear on all food labels as of January 1, 2006. Finally, some manufacturers are considering the idea of offering "functional foods" which are fortified with a growing number of popular herbs, vitamins, hormones and other healthy additives.

Technology which allows customers to be their own cashiers and checkout their own groceries have been around for many years. However, it is only recently that some food retailers are toying with its implementation as a strategic tool to enhance their competitive position and offer better service to the time-impooverished customer. This is because self-checkout technology, which allows shoppers to scan their own items, offers savings to both the shopper and the retailer along with an added convenience. Self-checkouts can serve only a segment of the market which wants to scan their own groceries and have a debit card to pay for their groceries. Check-out efficiency has also been improved by widespread use of debit and credit card payment systems.

The days of preparing complete meals at home are becoming a distant memory. Fresh prepared foods generated nearly \$28 billion in sales revenue in 2015, according to Technomic, a food industry research firm. Today's time-impooverished shoppers are opting for prepared foods such as precut produce, cooked dinners, and prepared takeout foods. According to a Better Homes and Gardens 1997-1998 consumer panel survey, 37 percent of respondents buy prepared products at least once each week, compared with 27.3 percent in previous years. About 22 percent of the panelists use more convenience foods than two years ago and 76.1 percent buy convenience products such as salad mixes and precut vegetables. Also, 77.4 percent of the respondents purchase prepared foods to eat at home and 49 percent of those who eat at home said they do so because they are more careful about what they eat. It has been said that over 40% of all consumer spending on food is for meals that are eaten away from their homes

## **7. CONCLUSION**

Publix's history shows that they bought seven Grand Union stores in Miami in 1959 and 19 All American stores in 1945 to expand their market share. According to Publix leaders, currently there are no plans for major mergers or acquisitions. They believe in a careful and steady growth strategy in order to maintain the Publix culture (Smith, 1999). However, they are not against the idea of acquiring another company that fits Publix's culture and philosophy. "If the right opportunity came up we could acquire another company....we may or may not find another company we like."....we believe in internal growth, building our own stores." The supermarket industry is becoming increasingly concentrated as large

regional chains such as Kroger, Safeway and Albertson's dominate their markets. The rapid growth and development of "supercenters" as evidenced by Walmart's and Target's grocery industry ascendancy is testament to the viability of hybrid formats (i.e., grocery and general merchandise). Supercenters' sales exceeded \$100 billion in 2000 (half of which was accounted for by the grocery side of the store). Therefore, more companies are being forced to grow faster, partner, or merge in order to survive long-term. Publix's current strategy is to steadily grow from within and expand the Publix culture throughout its stores.

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