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Perspectives in Pricing
How the Retail Grocery Industry Views Pricing

Jon Hauptman, Partner

February 19, 2015



WILLARD BISHOP

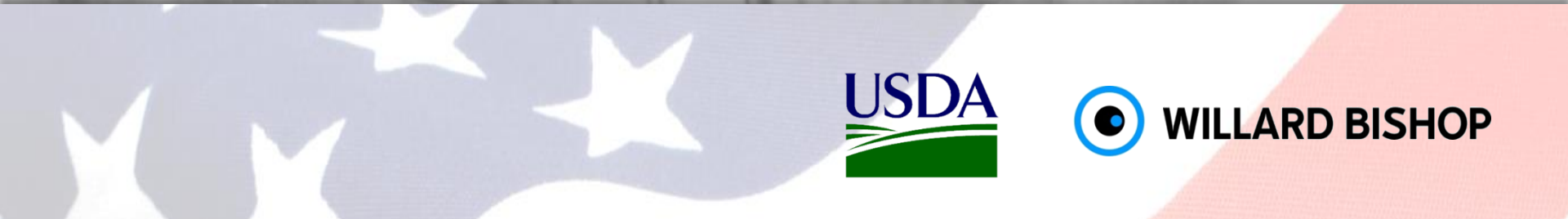
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Pricing Today

Future Trends

Risk Mitigation



The Pricing Continuum

EDLP



Hybrid-EDLP



Hi-Lo



Hi-Lo/Personalized



Understand Pricing “Tipping Points”

Shopper perceptions of Total Store Differentials



Shoppers develop their price image of you:

- Largely at a basket-level
- Over time and different shopping trips

Tipping Points vary based on value delivered

Price Strategy and Communication

Pricing Strategy Based on Perceptions and 6 Dimension Framework



A strong offering in each of the six dimensions maintains a favorable price image, which encourages the consumer to shop the store more intensely and spend more on each store visit.

Price Communication is as Important as Actual Prices

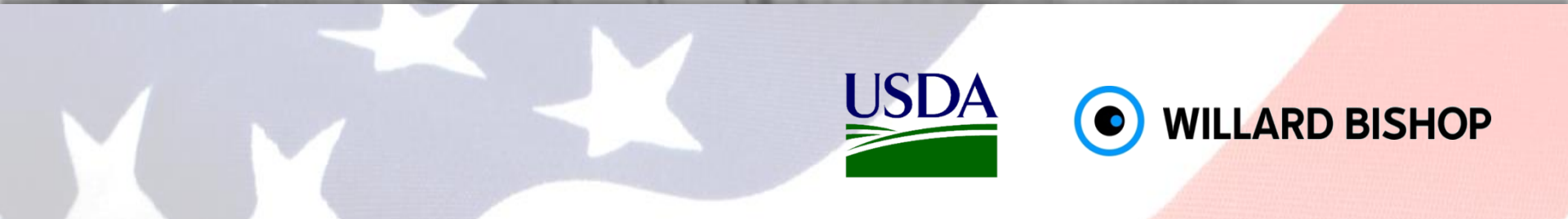




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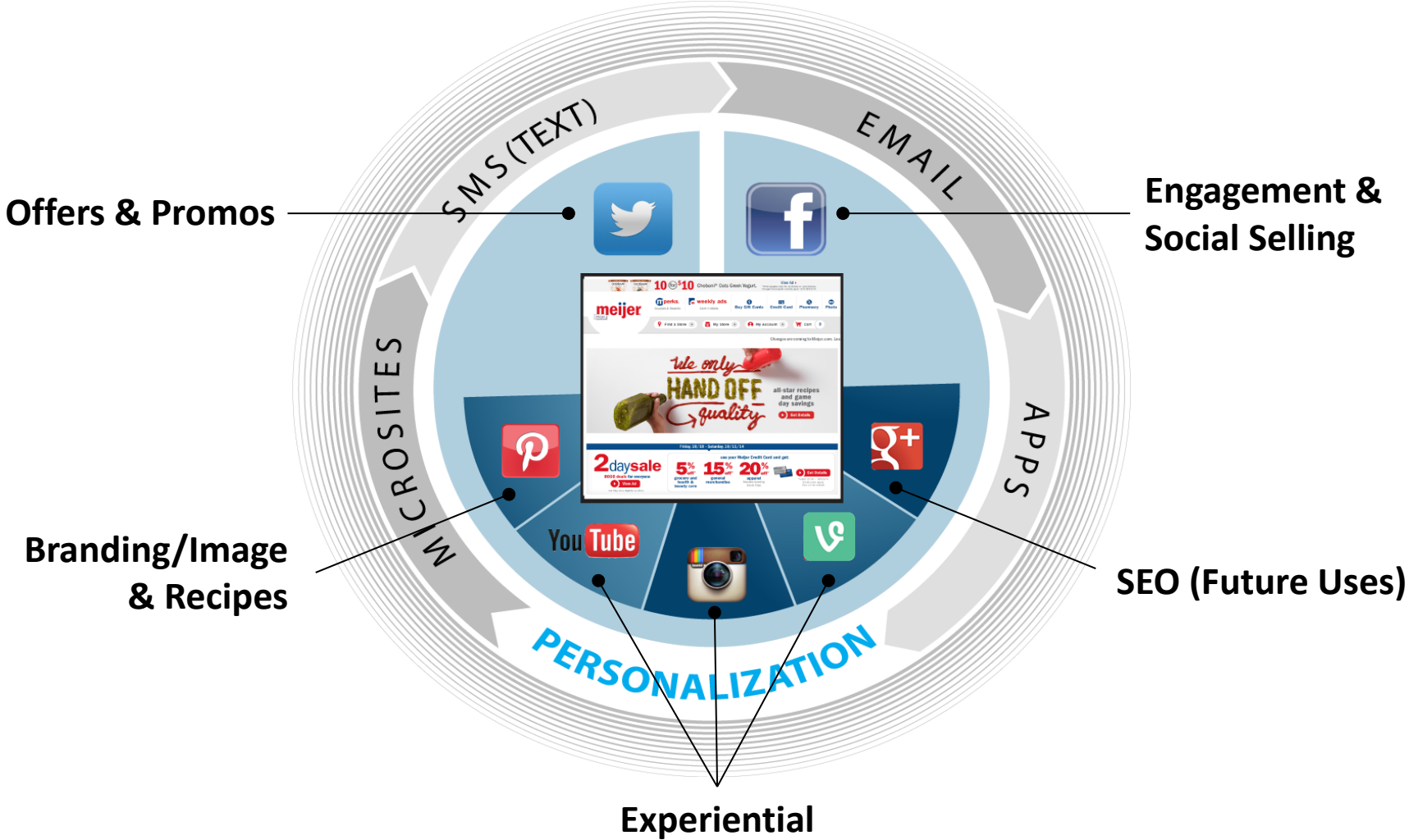
Price Transparency

Ubiquitous pricing means retailers will have to better align their price offerings in order to engage the digitally-connected shopper

- Faster Competitive Insight
- Easier Price-Matching
- Accelerated Impact
- Forced Differentiation
- Empowered Retailers
- Polished Prices
- Empowered Shoppers
- Richer Insights

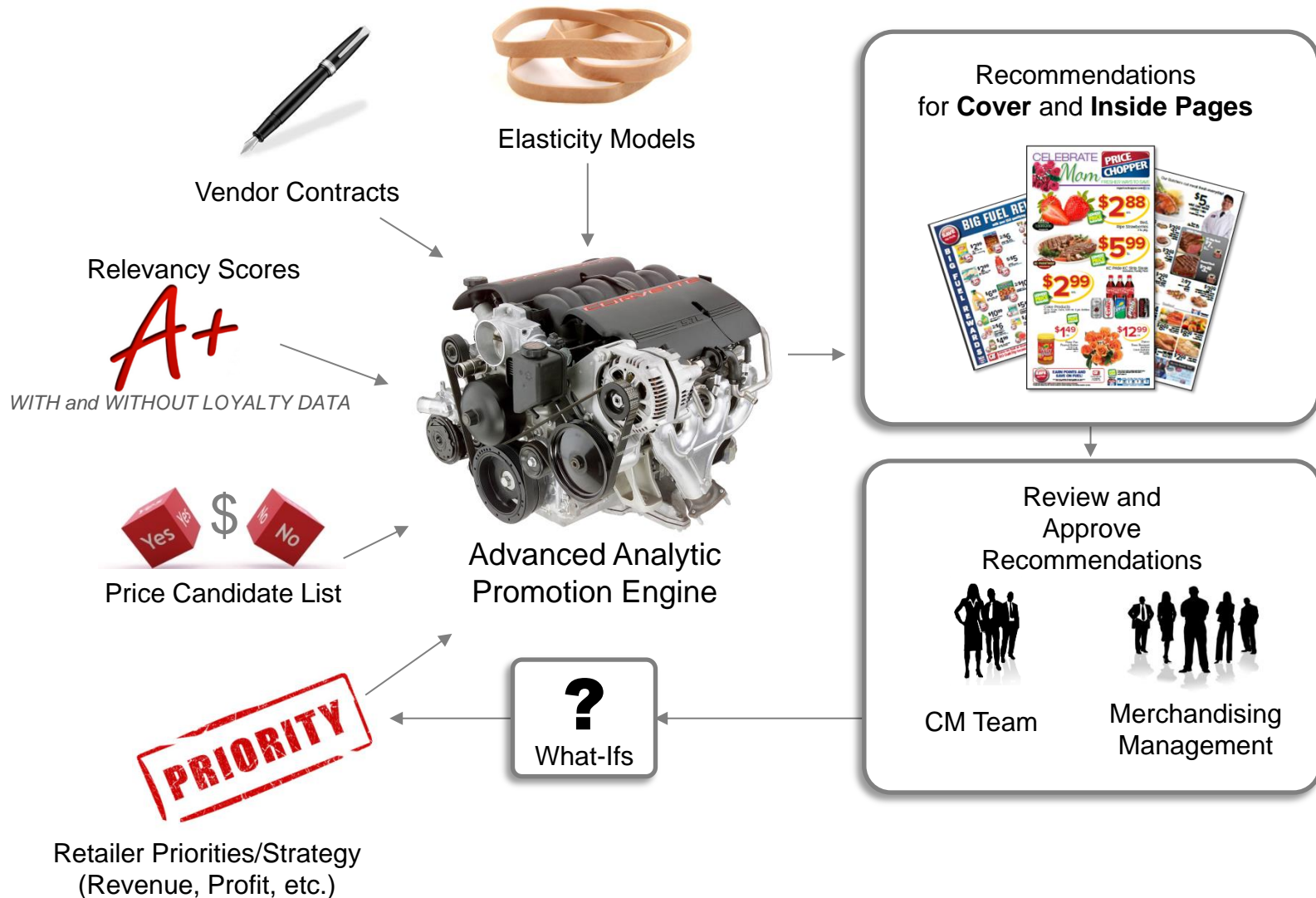


Connecting Price with Branding



Big Dig Data Meets Promotion Optimization

Predictive and Prescriptive Analytics

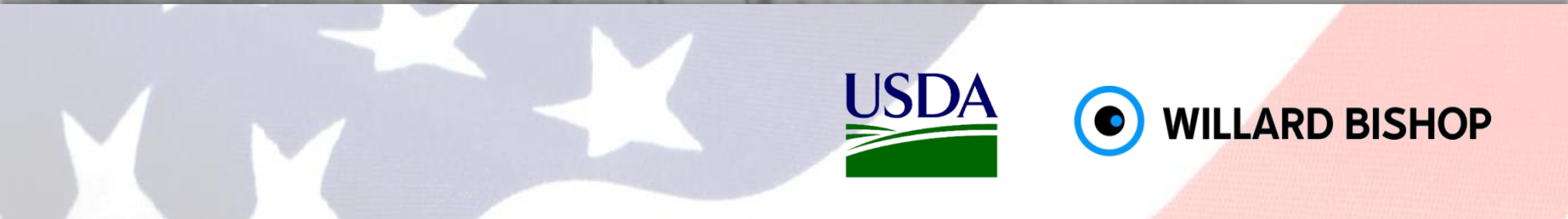




Pricing Today

Future Trends

Risk Mitigation



1. New Formats

Limited Assortment Stores



Cost-Plus Stores

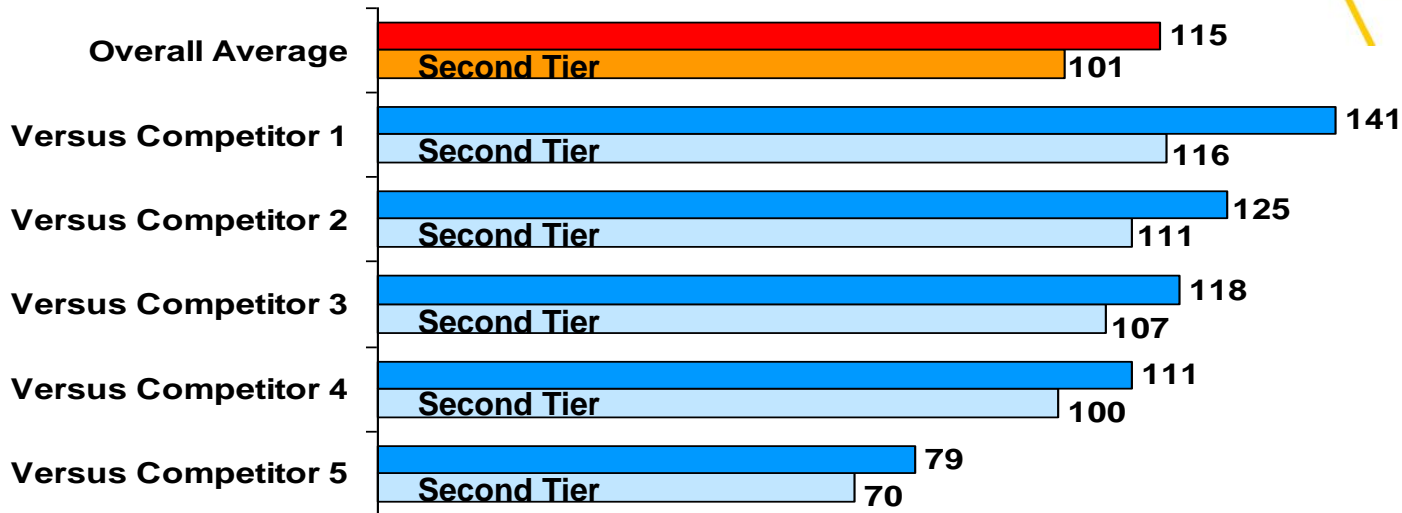


2. Offer Value Choices



Per-Unit Indices

(Example Retailer vs. Competitors)




3. Smooth-Out Rough Edges

Are Your Prices Upside-Down?



Avoid Peaks and Valleys

4. Craft Message



**THE
VALUE
OF** saving
money
and
time

As the working mom of three kids, I had a grocery dilemma. I wanted to save money, but I also wanted to save time, so I could spend it with my family.

Know what I learned? Publix saves me both. Publix's prices are as good as, or better than, other grocery stores. And I can get in and out of Publix quickly and get everything I need. I know I'm saving money. And better yet, I'm saving time that I can spend with the people I love.

At Publix, saving is part of the pleasure.

Publix.

5. Define Ways to Save

The Top 10 Ways GIANT Saves You More...

1. Watch your savings grow every time you shop. Check your register receipt to see how much you save!
2. **DOUBLE MANUFACTURERS' COUPONS** With your BONUSCARD®, you'll receive double the value of your Manufacturers' coupons. See customer service for details.
3. Enjoy 15-25% discounts every day on all your favorite national brand pre-priced products! Save on snacks and breads to magazines, greeting cards and paperbacks every day!
4. **BONUS BUY™ Savings** are manufacturers' savings passed directly to you! You'll find thousands of BONUS BUY™ Savings throughout the store!
5. You'll find over 30,000 Everyday Low Prices throughout the store. No need to wait for a "sale." Simply buy what you want, when you want.
6. **EXTRA REWARDS™** You choose your level of savings! Watch your circular throughout the year to save even more. Save up to 20% on the shopping order of your choice.
7. GIANT brings you quality products at the prices you deserve. Enjoy the taste of your favorite name brand products at a lower price with GIANT® brand.
8. **BUY ONE GET ONE FREE!** Stock up on all your favorite products and get another one "FREE." It's just one more way to save every day at GIANT.
9. Look for the Wall of Values where you'll find special savings on great products every week.
10. **Triple COUPON SAVINGS** Watch your weekly circular for exciting offers to TRIPLE your coupon savings!

Where else but... **GIANT**
Visit us on-line at GiantFoodStores.com

Raley's BEYLAIR NOB HILL

your ticket to savings

our brands terrific value ad special bargain buy best seller new

Look for these signs throughout our store!

MORE FOR YOU:

- First Week: Natural Foods Sale
- Rhythm & Ribs Discount Voucher
- Sign up for AutoFill Today!
- What's new from Something Extra!
- Earn Fuel Rewards at Aisle 1
- Save \$5 on Rotisserie Chicken with the Knorr sides offer!
- Over 140 wines on sale now. See specials.
- Love wine? Join the Club.
- Convert Your Tax Stimulus Payment!
- You could WIN a \$5000 VIP Game Experience!
- Take Our Online Survey
- More coupons each week when you subscribe to our tabletalk@email.com!

CELEBRATE FOOD • CELEBRATE LIFE™

Here's 4 MORE ways to SAVE!

1. **Power Price** positively the best buys of the week
2. **Yellow Tag Savings** weekly specials all over the store
3. **Price Hold** 1000's of items at low prices for weeks
4. **Store Brands** national brand quality at a lower price

Ralphs

\$SAVINGS PLAN!

Price Breaker! DOUBLE COUPONS

MULTI BUYS BIG BUYS

Ralphs Brands

6. Tell a Quality, Value-Oriented Story



Haggen
NORTHWEST FRESH



FARMER'S OWN
Certified Organic Growers

Farm:
SCHOL'S ORGANIC FARM

Family:
SCHOL'S FAMILY

Location:
OLYMPIA, WA

Products:
CHARD, KALE,
LETTUCE, SQUASH

*Helping Our Local
Farmers Flourish*

Born and raised in a farming family, John Schols is no stranger to the hard work and realities of a farming operation.

The Schol's Organic Farm is as picturesque as a color postcard. The black loamy soil paints a dramatic contrast to the deep green foliage of this fertile valley.

John Schol takes great pride in the fact that his farm is well-known for its superior organic leaf products.



7. Start with the End in Mind



8. Wow Your Shoppers

Low Price and High Value



9. Simplify Your Values



10. Guarantee It

200% Freshness Guarantee Warranty



The image shows a man in a blue and white plaid shirt standing in a green field at sunset. A circular logo is overlaid on the bottom left of the image, containing the text 'FRESHNESS' at the top, '200%' in the center, and 'GUARANTEE' at the bottom.



100%
Money Back Guarantee

If you don't love our chicken, bring your receipt to the store for a full refund.

Our Unbeatable
**DOUBLE
GUARANTEE**
100% Satisfaction or we will:

 **REPLACE
THE PRODUCT
AND**

 **REFUND
YOUR MONEY**

We don't guarantee our quality. We Double Guarantee it.

At ALDI, we believe that we have the best quality products out there. We've designed and tested our brands to exceed the national brands in taste and quality. We're so confident in our products that every item in our stores is backed by our unbeatable Double Guarantee.*

11. Deliver Unique Values



Two Buck Chuck



Bob

12. Clip It




 1. Pick  → 2. Click  → 3. Save!  → 

Sign in at www.marianos.com/coupons
Add e-clips digital coupons to your Mariano's Rewards Card.
Present your card during check-out for the automatic savings.


DIGITAL COUPONS
PICK, CLICK & GO

digital coupons

Click here and start downloading digital coupons to your Mariano's Rewards Card.

	gatorade or g2 thirst quencher 32 oz. varieties	\$1 SAVINGS - 0.39	Remove
	glaceau smartwater 6 pk. 1ltr. btl.	\$7	Add
	vita coco water 1ltr.	\$4	Add

13. Cross Pollinate



Leveraging website to highlight Twitter and Facebook feeds

TWEETS

 **Whole Foods Chicago** 2h
@WholeFoodsCHI
.@MannaOrganics
[@EthicallyEngnrd](#)
[@DarkMatter2521](#)
[@HopefortheDay](#) [@Vosges](#)
[#supportmidwest](#)
[@supportchicago](#) [#locallove](#)
<http://t.co/Cr3DY2kN8I>
↩ ↻ ☆

 **Social Rugrats** 3h
@SocialRugratCHI
Bubbles Academy Songs and Stories for Kids TOMORROW
[@WholeFoodsCHI](#)
[@bubblesacademy](#)
<http://t.co/6KcAOCdX1k>
<http://t.co/v3ixORqjv5>
↩ Retweeted by [Whole Foods Chicago](#)
↩ ↻ ☆

 **Whole Foods Chicago** 3h
@WholeFoodsCHI
[@ScrumptPantry](#) Yes! Sounds delicious! Thanks for the suggestion.
↩ ↻ ☆

FACEBOOK

 **Whole Foods Market Chicago**
Dandies Vegan Marshmallows are a local treat worth trying. Courtney's fave, they're a great addition to s'mores, hot chocolate, or by themselves. #veg...

 **Whole Foods Market Chicago**
Added to smoothies or straight from your hand, raspberries are a great way to kick-off your #meatlessmonday.

 **Whole Foods Market Chicago**
Only a few weeks left to donate your reusable bag credits to Green Star Movement, a non-profit that beautifies Chicago with community designed mosaic...

[View Whole Foods Market Chicago on Facebook](#)

Additional Sources

- LinkedIn (follow us for continual updates)
- Willard Bishop Blog (willardbishop.com)
- Competitive Edge (monthly thought-leadership publication)

