Pricing Today

Future Trends

Risk Mitigation
<table>
<thead>
<tr>
<th></th>
<th>EDLP</th>
<th>Hybrid-EDLP</th>
<th>Hi-Lo</th>
<th>Hi-Lo/Personalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples</td>
<td>ALDI</td>
<td>Walmart</td>
<td>Albertsons</td>
<td>Kroger</td>
</tr>
<tr>
<td></td>
<td>Deca</td>
<td>WinCo</td>
<td>ShopRite</td>
<td>Tesco</td>
</tr>
<tr>
<td></td>
<td>Save a Lot</td>
<td>Festival</td>
<td>Stop &amp; Shop</td>
<td>Sobeys</td>
</tr>
</tbody>
</table>
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

1. Everyday Shelf Prices
2. Promotional Offerings
3. Known-Value Item Prices

SIX DIMENSIONS OF PRICE IMAGE

4. Per Unit/Value Prices
5. Merchandising
6. Price Communication

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

![Price Communication Diagram]
Pricing Today

Future Trends

Risk Mitigation
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

- Offers & Promos
- Engagement & Social Selling
- Branding/Image & Recipes
- SEO (Future Uses)
- Experiential
Big Dig Data Meets Promotion Optimization
Predictive and Prescriptive Analytics

Vendor Contracts
Relevancy Scores
Price Candidate List
Retailer Priorities/Strategy (Revenue, Profit, etc.)

Elasticity Models
Advanced Analytic Promotion Engine

Recommendations for Cover and Inside Pages

Recommendations
Review and Approve Recommendations
CM Team
Merchandising Management

WITH and WITHOUT LOYALTY DATA

A
Yes
$3
No

WITH and WITHOUT LOYALTY DATA

WHAT-IFs

Big Dig Data Meets Promotion Optimization
Pricing Today
Future Trends
Risk Mitigation
1. New Formats

Limited Assortment Stores

Cost-Plus Stores

- Save a Lot
- Price Rite
- good cents

- Cash Saver
- Food Wise
- Elrod's
2. Offer Value Choices

Per-Unit Indices
(Example Retailer vs. Competitors)

<table>
<thead>
<tr>
<th>Versus Competitor</th>
<th>Overall Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>115</td>
</tr>
<tr>
<td>2</td>
<td>111</td>
</tr>
<tr>
<td>3</td>
<td>118</td>
</tr>
<tr>
<td>4</td>
<td>111</td>
</tr>
<tr>
<td>5</td>
<td>107</td>
</tr>
</tbody>
</table>

- Second Tier
- Overall Average: 115
- Versus Competitor 1: 116
- Versus Competitor 2: 125
- Versus Competitor 3: 118
- Versus Competitor 4: 111
- Versus Competitor 5: 100

USDA | WILLARD BISHOP
3. Smooth-Out Rough Edges

Are Your Prices Upside-Down?

Avoid Peaks and Valleys
4. Craft Message

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.
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 saved.

2. **Double Coupons**
   - With your BONUS/SCRAM, you’ll receive double the value of your Manufacturers’ coupons. See customers’ service for details.

3. **Pre-Price Discount**
   - Enjoy 15-20% discounts every day on all your favorite national brand products! Save on snacks and brands to magazines, greeting cards and cookbooks every day.

4. **GIANT BONUS Buy Savings**
   - 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 great Everyday Low Prices throughout the store. No need to wait for a “code.” 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 center of your thoughts.

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**
    - Watch your weekly circular for exciting offers to TRIPLE your coupon savings!

Visit us online at GiantFoodStores.com

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
6. Tell a Quality, Value-Oriented Story

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

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

TRADER JOE'S

Two Buck Chuck

Brookstone

Bob
12. Clip It

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

Leveraging website to highlight Twitter and Facebook feeds

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**Tweets**

1. Whole Foods Chicago
   - @WholeFoodsCHI
   - MannaOrganics
   - EthicallyEngaged
   - DarkMatter2521
   - HopefortheDay @Vosges
   - SupportMidwest
   - @supportchicago #locallove
   - [Link](http://t.co/Cr3DY2kN8l)

2. Social Rugrats
   - @SocialRugratCHI
   - Bubbles Academy Songs and Stories for Kids TOMORROW
   - [Link](http://t.co/6kSAOQdX1k)
   - [Link](http://t.co/v3xjORlqy5)
   - Retweeted by Whole Foods Chicago

3. Whole Foods Chicago
   - @WholeFoodsCHI
   - @scrump1Pantry Yes! Sounds delicious! Thanks for the suggestion.

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**Facebook**

1. 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...

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

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

[View Whole Foods Market Chicago on Facebook](http://www.facebook.com/wholefoodschicago)
Additional Sources

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