USDA Agricultural Outlook Forum 2007

FUTURE DIRECTIONS IN CONSUMER-BASED MARKETING AND PROMOTION:
MICRO-LEVEL PROMOTION AND PRICE OPTIMIZATION

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Partner, Willard Bishop, LLC

Presented: Friday, March 2, 2007
Agenda

- Today’s Competitive Marketplace
- Price Optimization
- Targeted Pricing
- Innovative Marketing Vehicles (Outside the Store)
- Innovative Marketing Vehicles (Inside the Store)
Today’s Environment

A Wide Variety of Formats are Vying for Shopper Spending
Grocery and consumable sales are continuing to shift from traditional to non-traditional channels.

By 2012, non-traditional retailers will surpass traditional retailers in food and consumables sales.

Source: Willard Bishop, 2006
Price Optimization

- AKA: Retail Revenue Management
- Identifies/sets price points to optimize
  - Sales and/or margin
  - Across the store
  - Continuous
- Accounts for:
  - Price elasticity
  - Cross elasticity
  - Promotional response
  - Cannibalization
Price Optimization

Why Now for Price Modeling and Optimization?

- Data is more prevalent: POS and Price-Book
- Science has become more mainstream and “de-mystified”
- Computers can handle the data processing
- Software is more intuitive
- It Works!

Source: KSS
Price Optimization

Elasticity Calculations

- Plots new history
- Re-calculates each individual product’s elasticity
- Re-calculates product cross-effects

The more incidents of price change over time, the more accurate the demand curve.

Source: KSS
Price Optimization

- Calculates the trade-off between products in the model
- Looks for the best opportunities

Source: KSS
Target Price to Win New Business

Traditional Retail Marketing Economics*

Loyal

Secondary

Convenience/Deal-Seekers

Customer Base

Marketing Expenditures

Customer- Focused Marketing Economics:
Superior Return on Marketing Investment

Tier 1
Tier 2
Tier 3
Tier 4

Customer Base
Marketing Expenditures

Some Shoppers are More Valuable Than Others

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<th>Decile</th>
<th>Gas/Convenience Stores</th>
<th>Fast Food Operators</th>
<th>Bookstores</th>
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Source: “Customer Intelligence, The Value of Customers, The Power of Profits,” Gary Hawkins; data provided by Visible Results (www.visibleresults.com)
Podcasts

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http://www.wholefoodsmarket

- De-Stress Your Holidays
  Jody Vilee, one of our resident nutritionists, reviews some simple tips for easing the stress of the holiday season. Also, our favorite specialty foods expert, Cathy Strange, has visions of Dalmatian Plum Spread, while Alana Sugar, a professional chef and nutritionist, has some tasty, homemade ideas for holiday gift giving.

- Special Holiday Episode #3: Exclusive Brie and Wine Pairings
  We check-in with our favorite cheese expert, Cathy Strange, to hear what she has to say about the exclusive Isigny Ste. Mère Brie made in the lush Normandy region of France. Get holiday serving tips, along with some delightful wine pairing ideas for this rich, luscious cow's milk cheese.
The CEO's Blog — John Mackey

Conscious Capitalism: Creating a New Paradigm for Business

Hi Everyone,

I've been very gratified and impressed with your responses to my dialogue exchange with Michael Pollan over the last six months. The following lengthy essay is something I have been working on for several months; the ideas have been gestating for many years. The topic is Conscious Capitalism and I encourage you to read this material with your mind open to the possibilities inherent in these ideas. The essay is long and it may take extended time and concentration on your part to read. However, I think the ideas I articulate here are important ideas and they deserve to be read by an intelligent and critical audience.

Continue reading "Conscious Capitalism: Creating a New Paradigm for Business"

Posted by John Mackey at 9:31 AM, November 9, 2006
Comments (54) | TrackBacks (0)

Compensation at Whole Foods Market

The following message from John Mackey was distributed to all Whole Foods Market Team Members on November 2, 2006.
INTRODUCING THE OFFICIAL WD-40 FAN CLUB

For years, consumers have had a love affair with WD-40. They rave about it, tell us their favorite uses, and say it's the greatest thing since sliced bread. With this kind of enthusiasm, there was only one thing to do — compile a list of 2,000 users and start an official WD-40 Fan Club!

JOIN THE CLUB, FREE!

Joining the WD-40 Fan Club is easy... and FREE! Simply click on the [Sign Up Now] button below and complete the brief registration form. By joining the Fan Club, you'll gain access to a special members-only section of our Web site offering a variety of benefits and fun things to do, including:

- Share Your Favorite Stories...
- Download Fun Freebies
- Check Out the E-newsletter
- Receive the E-TIP of the Week

MEMBER LOGIN

Login ID: 
Password: 
Enter

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Targeted Pricing – Kiosks

This is all about personalization that “recognizes” and “rewards” the shopper.

- Special prices
- Extra services
- Transaction discounts
- Lifestyle-defined offers
Cell Phone/Text Messaging
Interactive Cart
In-Store TV/Digital Signage
Smart Displays

RFID Tracking

"We know how many displays are up and the sales each display generates at retail"
- CPG executive

In the news...
August 28, 2006
"GOLIATH is a member of EPCglobal US"
Questions? Please contact:

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