

Discount Pricing - Big Deal!

- Consumer and Corporate Affairs

Canada's biggest supermarket chains have intensified their competition for the family food dollar during the past two years by switching to discount pricing.

Most big supermarkets are now emblazoned with big bright banners proclaiming prices that are often claimed to be the lowest in town.

But is it really possible for just about every big grocery store around to have prices that are lower than everybody else's? And with a whole new vocabulary of slick superlatives and "super-superlatives" now being used to advertise and label not only special prices but ordinary, day-to-day prices as well, how can you clearly distinguish the ordinary-priced item from one that's a special buy?

These are questions penny-wise grocery shoppers should carefully consider.

When a supermarket starts discounting, it's bound to mean comparatively lower prices on many items for at least a short while. But it would just about require the full-time services of a computer to keep one constantly informed about where food is really selling at the lowest overall prices, on a day-to-day basis.

There are, remember, about 7,000 different products and package sizes on the shelves of the average supermarket. And if soup is selling at a lower price in one store, chances are pretty good that bread's a better buy at the next.

So how can we make the best of a confusing situation and try to get a little more for the shrinking value of our food dollar?

A "shopping basket" survey might help.

Compile a list of 15 or so of your family's favourite brand name packaged food products — those that appear most frequently on your weekly shopping lists. Be sure to exclude from your list "house brands," the ones that particular supermarket chains sell exclusively in their own stores, under a brand name associated with only one chain.

Try three stores

Purchase the identical list in three competing "discount" supermarkets in your neighbourhood. If you don't mind stocking up a bit in advance, your survey results will carry more weight if you make the purchases in all three stores on the same day. If you find temporary special prices on any items on your sample list, either buy them separately or delete them from the list so they won't distort your results.

Various items on your list will be higher here; lower there.

But when you compare totals for the complete list, you might just discover savings that, for your particular food tastes, would make a trip to one store worth your while.

But a word of caution must be added: a one-shot survey can only give you information of limited value. You must *repeat* your survey from time to time to get more helpful indicators of the price policies of different stores, as they apply to your favorite products.

Your first survey won't be any guarantee that the most expensive store won't be the one with the lowest prices in a week's time. And if you were to change the items on your survey list, the results could be quite different again.

All the supermarkets will try to convince you that their prices are the lowest. The only way you'll find out who really has the best prices on the products you habitually buy is to get out and "shop around" yourself.

Don't be swayed by anything but the facts and believe only what you can find out yourself.

Temporary specials do offer good value, but you've got to be on your toes to find them.

A basic understanding of the original theory behind discounting is also useful if you're to come out a winner in the crowded and confusing aisles of today's supermarkets.

The first store that started discounting cut its prices in hopes of winning over larger numbers of customers from competing outlets and making up for initial profit reductions with higher volumes of sales. But as more and more chains jumped on the discount bandwagon, fewer customers remained to be "won over" and hoped-for higher sales volumes tended to become spread more thinly among the discounters.

What's the advantage?

Discounting then began to become less advantageous to supermarket operators and ultimately, of course, to you. Because store owners tend to reduce sizes of discounts as the number of customers to be gained is reduced, or as entry of new discount chains into the market "switches" customers away from them.

Remember that just because the neighbourhood supermarket boldly advertises fantastic "discount" prices doesn't necessarily mean those prices are any lower than average food prices prevailing at all major supermarkets in your community.

In one actual survey carried out in the Maritimes, about 100 items were priced in a "discount" store and the prices compared with those then prevailing in other outlets. About 10 per cent of the items could be found at lower prices elsewhere. Many of the remaining 90 or so products were priced about the same as anywhere else.

When you cut through all the fancy language used in supermarket ads, there are still only two basic kinds of prices: Regular and Special. Regardless of what it may be called, the regular price is the day-to-day, normal price that an article sells for — even if it's referred to usually nowadays as a "discount" price. A special price is something only temporarily lower than regular.

Regular? Special?

Keep in mind that statements made about "low" prices usually refer to day-to-day, regular prices and not to specials.

Specials are now identified by "super-superlative" phrases. Learn to recognize the difference.

Don't mistake a brightly coloured price card beneath a can of peas as identifying a special, just because that's the way you're used to seeing specials labelled.

And read the fine print in supermarket ads. Learn those fancy-sounding phrases that identify each chain's "regular" and "special" prices. If impressive-sounding price claims are made, ask yourself — or the store manager — what the basis of comparison is.

Don't presume that every price listed on a full-page newspaper ad is a special. That's seldom the case. Usually there's only a scattering of specials, interspersed with a long list of regular prices. Remember that those regular prices will be identified by fancy-looking phrases. But they're still regular prices.

Above all, keep in mind that "discount" doesn't necessarily mean "special." Today it's most often the regular price.

Shop cautiously. Don't be a loser in today's supermarket word game.