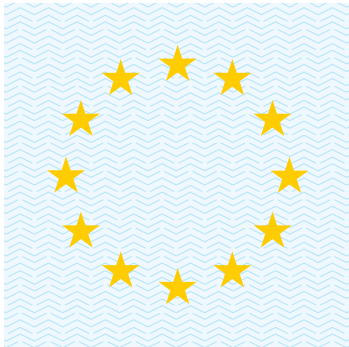


# INSIGHTS ON ASSORTMENTS AND PRICE IN EUROPE



## United in Diversity

Markets are local, by history, by culture and by socio-economic differences. It therefore varies per consumer, as well as per region, within and across countries.



“the very same product might have a different customer perception in one country than in another. For example, a specific type of pasta which is considered to be quite regular in Italy might be perceived as something of high quality in Slovakia, “...not all are inclined to consume pasta like in the Italian regions” ...“Greek and Irish consumers tend to buy smaller pack sizes than on average.”

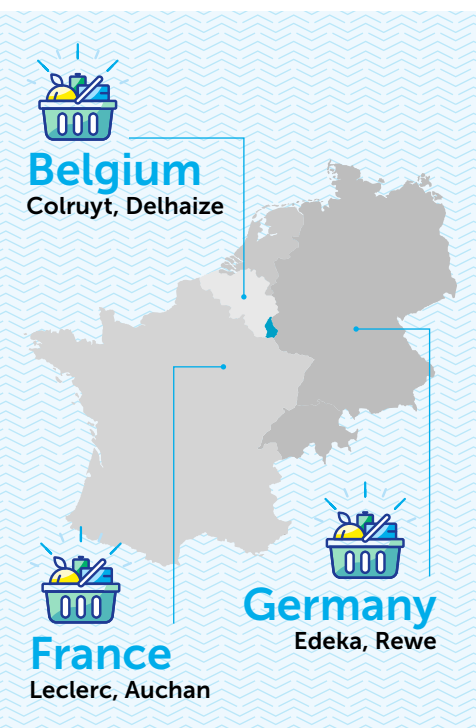
European Central Bank (NO 1742)

“retailers do not compete “on product range” in an isolated sense – they compete on the retail offer as a whole. Competition between the differentiated retail offers also involves a variety of factors important to grocery customers that are key parameters of competition, including: (i) convenience of store locations locally; (ii) value for money on product quality and price (not just price); and (iii) other aspects of the in-store offer, including range or service, and other aspects of the in-store shopping experience...”

UK Competition authority, 2019

supermarkets ...do not compete with individual products

Consumer prices are set by retailers, in function of their business strategy, of the competitive environment and its intensity (number of players, respective market share), its nature (e.g. the players positioning and format: some retailers focus on quality value, services which justify higher products price; some focus on lowest price possible; others on creating consumers interest, through various promotions).



“grocery competitors do not compete for customers based on their national share: they compete for local customers through their local stores” ... differences ... are largely a result of the mix of products sold, which is primarily driven by differences in demographics between local areas” Also, “there are many strong smaller and regional operators ...which provide a strong constraint in the local areas where they are present”

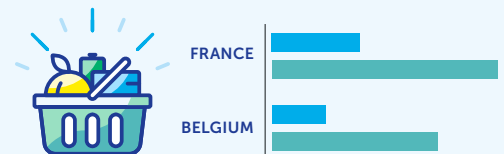
Differentiation is key in retail strategy, retail strategy as well as positioning can vary greatly across all geographic levels. Even within cities, price vary in the same banner stores located in different streets. Retailers presence and importance vary per country, region, cities. European Central Bank, 2015



Differences in store assortment are influenced by retail strategy as well as the nature of competition and store formats.

Within the same country, assortment varies / assortments vary significantly per store.

### Assortment per grocery store 2019



France: the assortment per grocery stores varies from 11.658 to 29.867 products per stores

Belgium: the assortment per grocery stores varies from 7.101 to 21.953 products.

Differences across countries are quite significant: France has an average of 19.459 products per stores, for an average of 14.366 in Luxembourg

Etude 4 Frontières, Edition 2020



Price is a marketing tool used to support retail differentiation strategies which guarantee business success as well as dynamic competition. Differentiation is essential for businesses to ensure consumers purchase their products or at their store (virtual or physical), instead of purchasing a competitor product, at a retail competitor's channel.



**Consumer prices are dynamic:** prices vary across the weeks because of the competition offer via promotion as well as because of business needs (e.g. generate cash flows by increasing sales while reducing temporarily margin). Some retail models are built on constantly monitoring competitor price and aligning systematically products price according to any competitor changes. Each retailer defines the margin it wants to gather from consumer sales, which are also a function of the sales achieved, the competitive environment, the consumer demands.



“Even with identical retailing costs, the same product may be sold at different prices ...reason lies in differentiation – the same product may be perceived as not exactly identical when bought in different stores. For instance, a consumer may prefer to buy his jar .. at a corner store in his posh neighbourhood even if he knows that the same item is less expensive in a less fancy, more crowded, or further away superstore.”

French Central Bank, March 2018



**The higher the retail concentration, the higher the consumer price,** regardless of suppliers/wholesalers price.



€ €



€

**Retail buyer power over suppliers is an important factor behind price differences across Europe:** “larger retailers may have more bargaining power....the (competition authority) found that the 4 largest retailers paid between 4 and 6% less ...”



“there is never absolute homogeneity in the commodity if we include the terms of sale within the concept of the commodity”.

Stigler, George J. 1961., *The Economics of Information*, Journal of Political Economy 69(3). 1982 Nobel prize in economics



Consumers



For more details see paper on AIM Website [www.aim.be](http://www.aim.be)