

USDA Agricultural Outlook Forum 2007

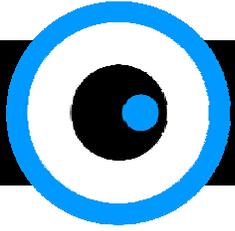
**FUTURE DIRECTIONS IN CONSUMER-BASED
MARKETING AND PROMOTION:
MICRO-LEVEL PROMOTION AND
PRICE OPTIMIZATION**

**Jon Hauptman
Partner, Willard Bishop, LLC**

Presented: Friday, March 2, 2007

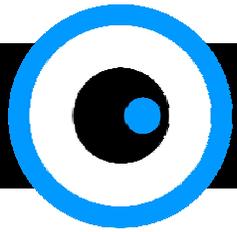


WILLARD BISHOP



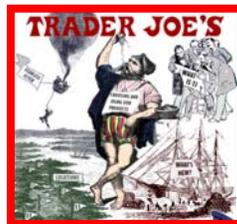
Agenda

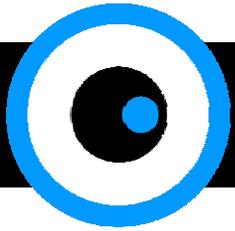
- ▶ Today's Competitive Marketplace
- ▶ Price Optimization
- ▶ Targeted Pricing
- ▶ Innovative Marketing Vehicles (Outside the Store)
- ▶ Innovative Marketing Vehicles (Inside the Store)



Today's Environment

A Wide Variety of Formats are Vying for Shopper Spending

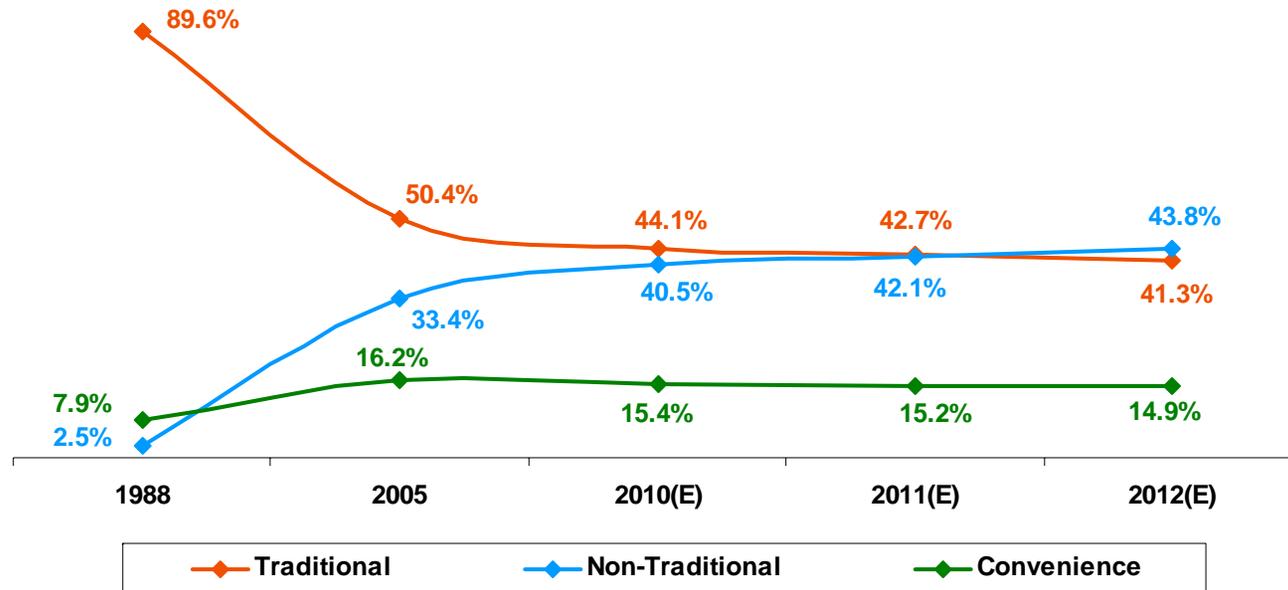




Traditional Channels Are Losing Share

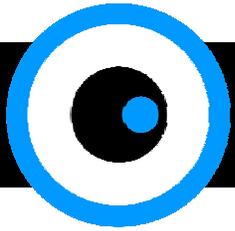
Grocery and consumable sales are continuing to shift from traditional to non-traditional channels.

Market Share by Segment



Source: Willard Bishop, 2006

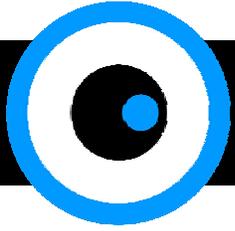
By 2012, non-traditional retailers will surpass traditional retailers in food and consumables sales.



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?

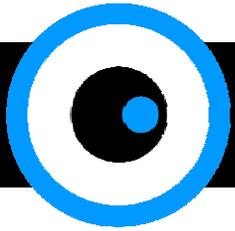
- ▶ Data is more prevalent: POS and Price-Book
- ▶ Science has become more mainstream and “de-mystified”
- ▶ Computers can handle the data processing
- ▶ Software is more intuitive
- ▶ It Works!



Source:  KSS

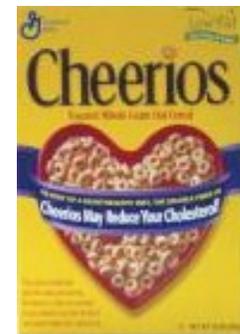
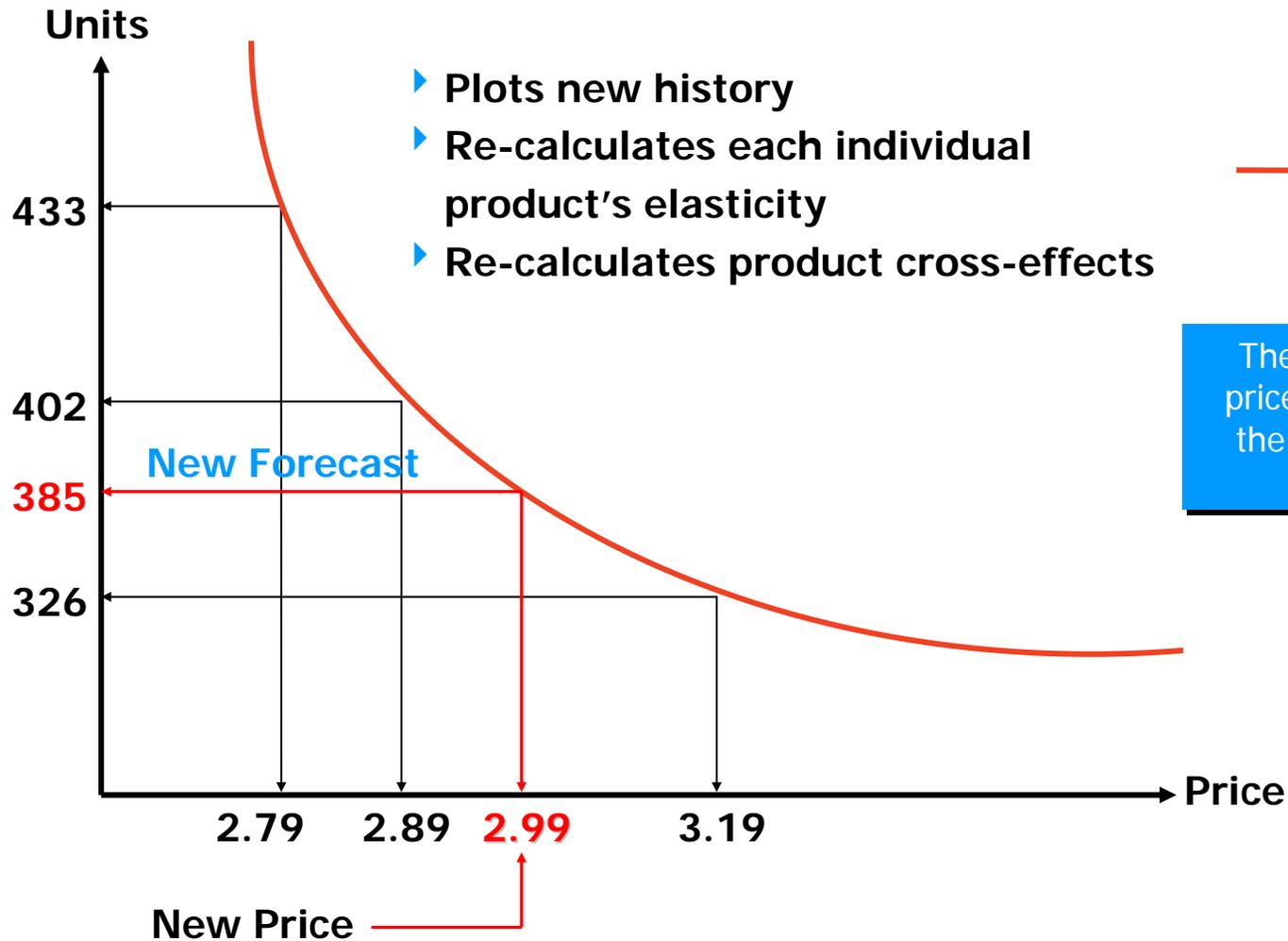
WILLARD BISHOP

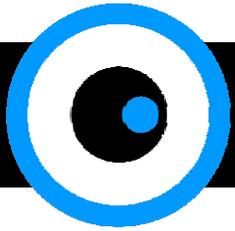
Copyright © 2007. All Rights Reserved.



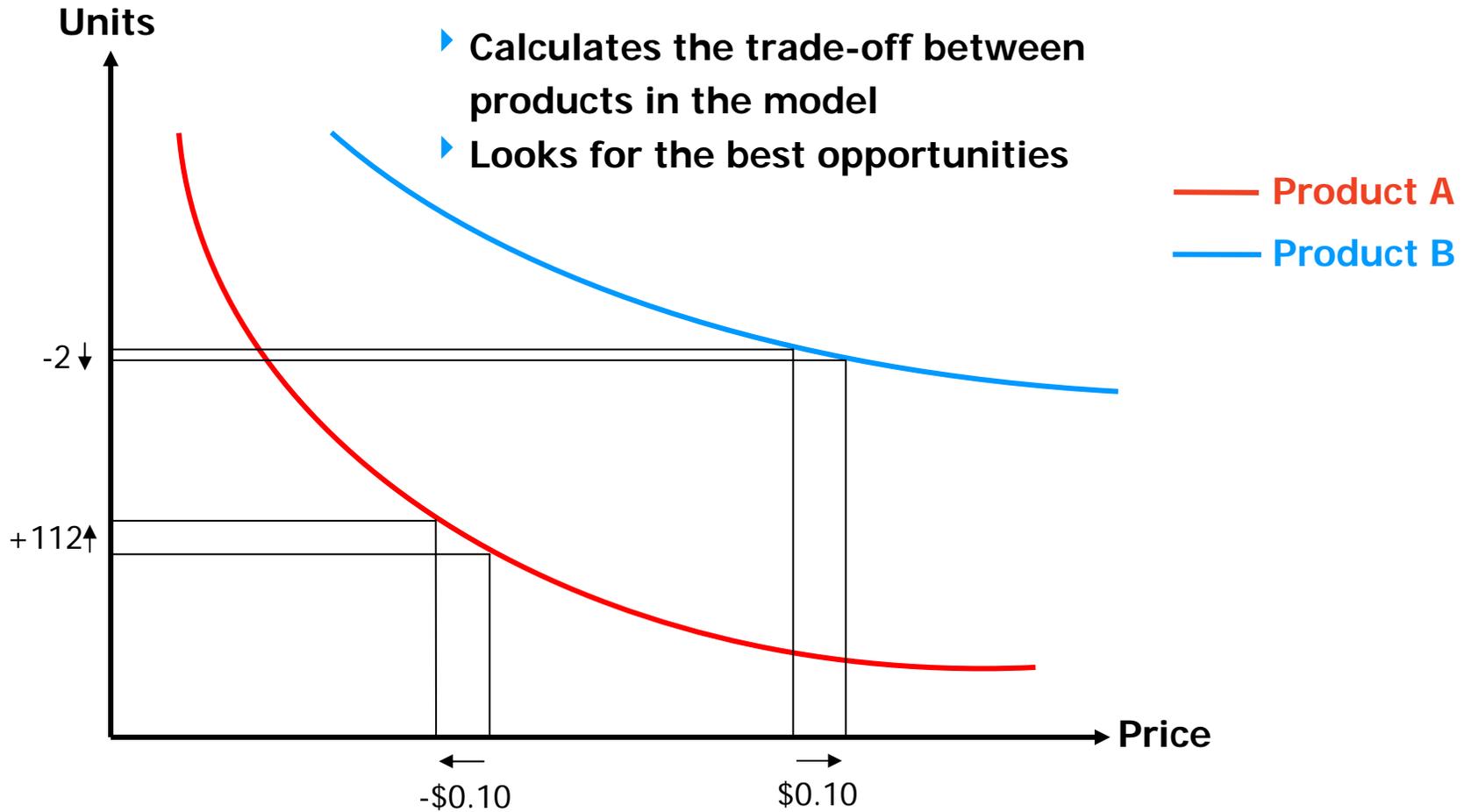
Price Optimization

Elasticity Calculations





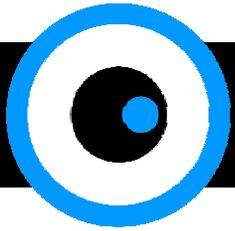
Price Optimization



Source: KSS

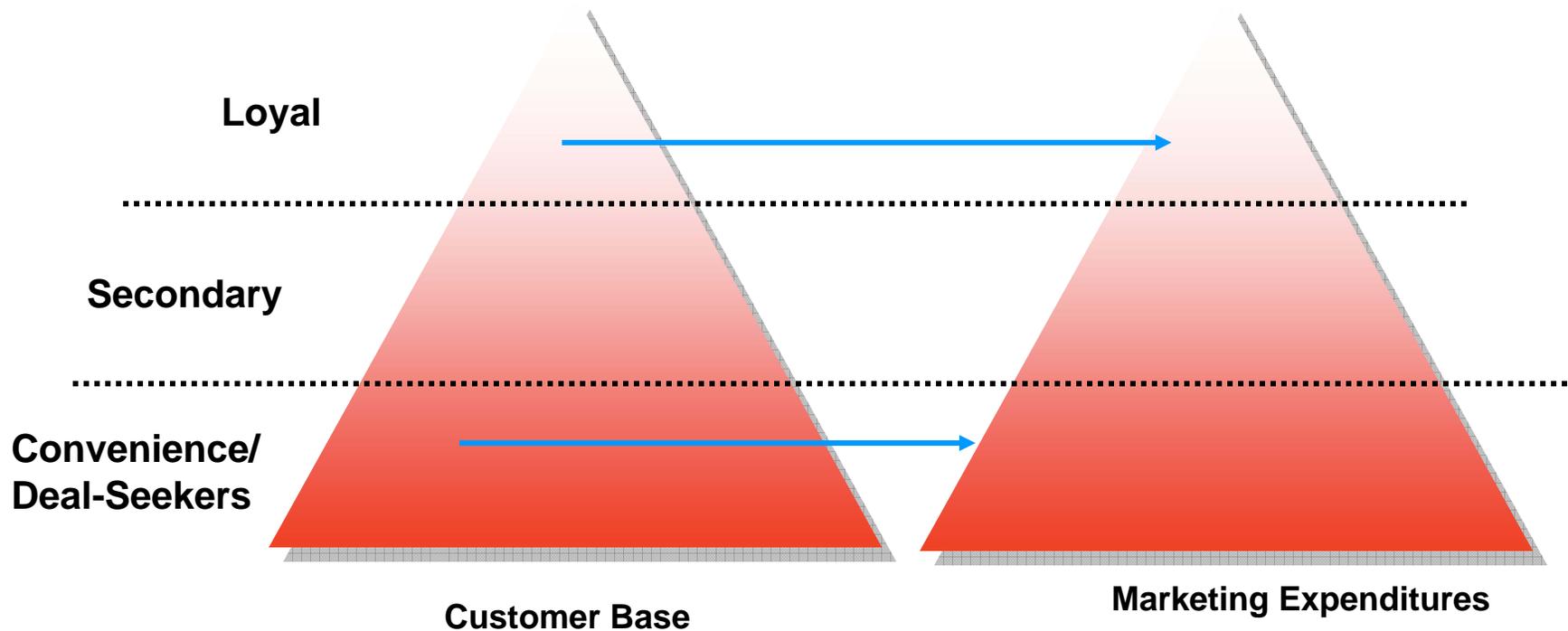
WILLARD BISHOP

Copyright © 2007. All Rights Reserved.

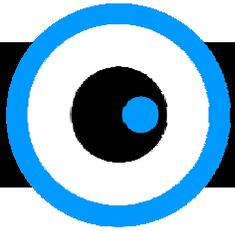


Target Price to Win New Business

Traditional Retail Marketing Economics*

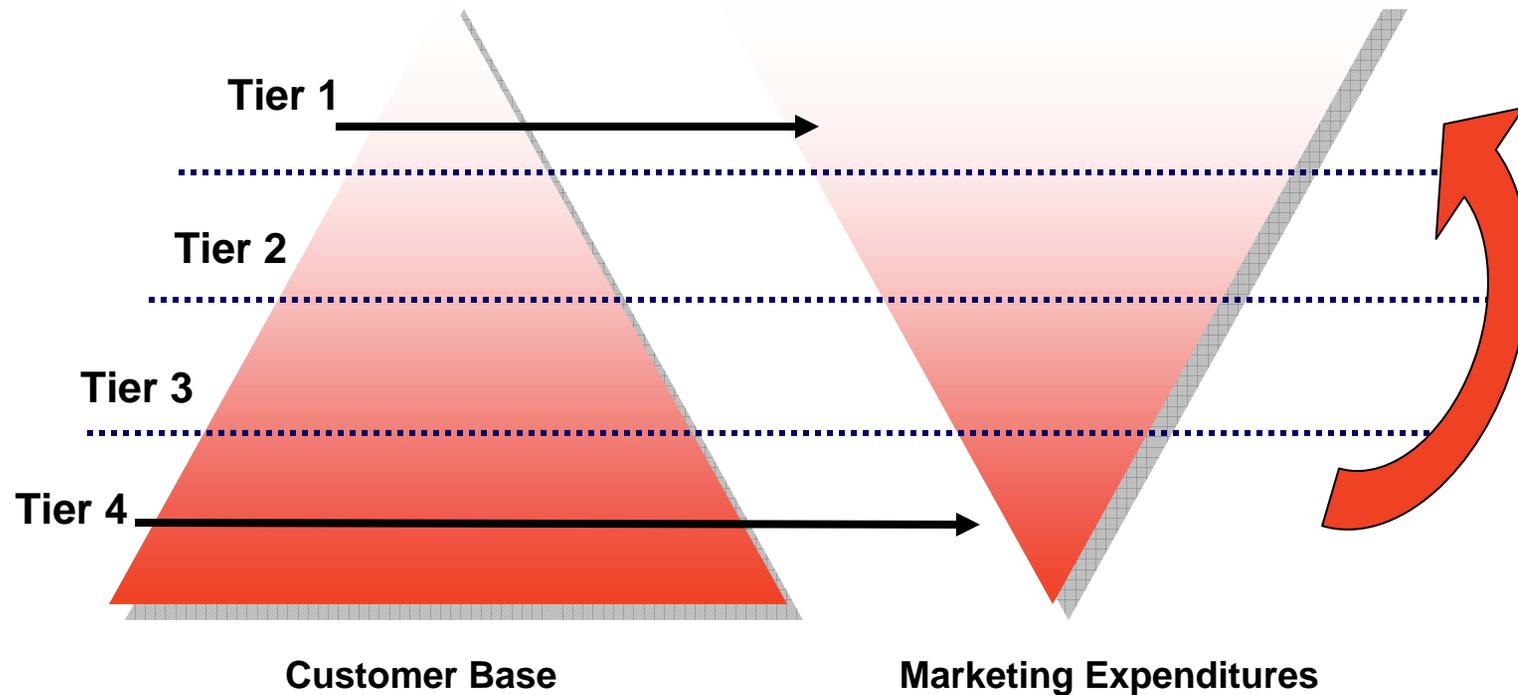


Source: "Customer Intelligence: The Value of Customers, The Power of Profits," Gary Hawkins

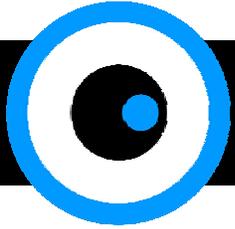


Target Price to Win New Business

Customer- Focused Marketing Economics: *Superior Return on Marketing Investment*



Source: "Customer Intelligence: The Value of Customers, The Power of Profits," Gary Hawkins

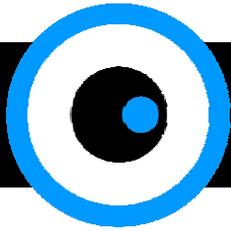


Target Price to Win New Business

Some Shoppers are More Valuable Than Others

Approximate Average Spend (Per Year)			
	Gas/ Convenience Stores	Fast Food Operators	Bookstores
Decile			
10	\$ 5,700	\$ 520	\$1,120
9	\$ 3,400	\$ 260	\$550
8	\$ 2,600	\$ 180	\$385
7	\$ 2,000	\$ 130	\$280
6	\$ 1,500	\$ 90	\$215
5	\$ 1,000	\$ 65	\$165
4	\$ 60	\$ 45	\$120
3	\$ 300	\$ 30	\$85
2	\$ 140	\$ 15	\$50
1	\$ 40	\$ 5	\$30

Source: "Customer Intelligence, The Value of Customers, The Power of Profits," Gary Hawkins; data provided by Visible Results (www.visibleresults.com)



Podcasts



STORE LOCATIONS | PRESS ROOM | CUSTOMER SERVICE | SEARCH | LINKS

COMPANY | PRODUCTS | RECIPES | HEALTH INFO | ISSUES | INVESTOR RELATIONS | CAREERS

Home : Podcasts

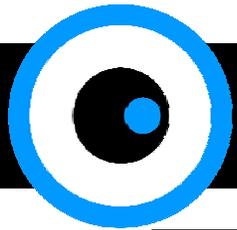
Podcasts

Explore the world of natural and organic foods... one podcast at a time.

Subscribe:  Or copy and paste the url below into a podcasting tool.

<http://www.wholefoodsmarket.com/podcasts>

- **De-Stress Your Holidays**
Jody Villecco, 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.
[Play episode now](#)
- **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.
[Play episode now](#)



Blogs

STORE LOCATIONS PRESS ROOM CUSTOMER SERVICE
COMPANY PRODUCTS RECIPES HEALTH INFO ISSUES



Company

- Overview
- About Us
- The Whole Philosophy
- History
- Company Timeline
- Pressroom
- Community Giving
- Real Estate
- John Mackey's Blog

Home : [Company](#) : John Mackey's Blog

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.

Archives

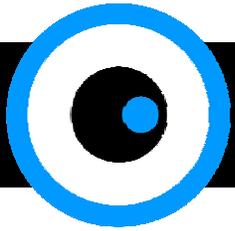
- [November 2006](#)
- [June 2006](#)
- [May 2006](#)
- [February 2006](#)
- [October 2005](#)
- [September 2005](#)

Recent Entries

- [Conscious Capitalism: Creating a New Paradigm for Business](#)
- [Compensation at Whole Foods Market](#)
- [Detailed Reply to Pollan Letter](#)
- [Michael Pollan's Response to Whole Foods Market](#)
- [An Open Letter to Michael Pollan](#)
- [The Upward Flow of Human Development](#)
- [Winning the Battle for Freedom and Prosperity](#)
- [20 Questions with Sunn's Salon](#)
- [Rethinking the Social Responsibility of Business](#)

[Syndicate this site \(XML\)](#)

Disclaimer



E-Communities

INTRODUCING THE OFFICIAL WD-40 FAN CLUB

FAN CLUB
WD-40
WWW.WD40.COM

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 uses 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 📧

FAN CLUB
WD-40
BOARD OF DIRECTORS

TELL A FRIEND
ABOUT THIS SITE!

NEW MEMBER
REGISTRATION

SIGN UP NOW!

MEMBER LOGIN

Membership Name

Password

ENTER

[Forgot your Password?](#)

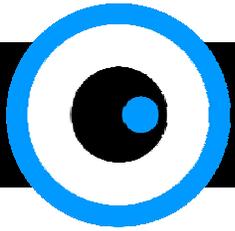
ADD THE WD-40 FAN CLUB
SITE TO MY FAVORITES LIST!

The uses of WD-40 described on this website were provided to WD-40 Company by end-users of the product, and do not constitute recommendations or suggestions for use of WD-40 by WD-40 Company. These uses have not been tested by WD-40 Company. Consumers should exercise common sense whenever using WD-40. Always follow the instructions and take heed of any warnings printed on the WD-40 packaging.

[Return to the WD-40 Corporate Site](#)

WD-40 Company





Email

New at ALDI



**Nestle®
Swirled™ Morsels**

each \$ **1.99**



**L'oven Fresh®
Frosted Sugar Cookies**

each \$ **1.69**



**Nature's Nectar®
Sparkling Juice Cocktail**

each \$ **1.99**



**La Mas Rica
Refried Beans**

each \$ **0.49**

Special Purchases

Check out our exciting new Special Purchase Items for next week. Hurry in - items available while quantities last.

Special Purchases ... from April 25, 2005



**Wisk®
Liquid Detergent**

each \$ **8⁴⁹**

regular or with bleach alternative, 200 fl. oz.



**Fausner®
2 Gallon Sprayer**

\$ 9⁹⁹

New Low Prices

New Low Prices



**Casa Mamita®
Beef & Bean Burrito**

~~29~~

25¢

5 oz., mild or medium

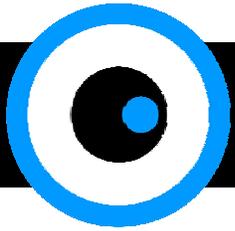


**Happy Harvest®
Pork & Beans**

~~33~~

25¢

16 oz.



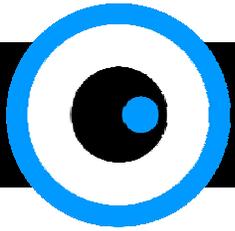
Targeted Pricing – Kiosks

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

- ▶ Special prices
- ▶ Extra services
- ▶ Transaction discounts
- ▶ Lifestyle-defined offers

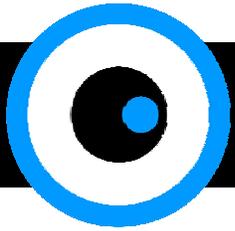


avenü.



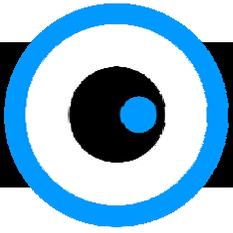
Cell Phone/Text Messaging





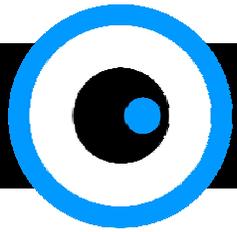
Interactive Cart





In-Store TV/Digital Signage



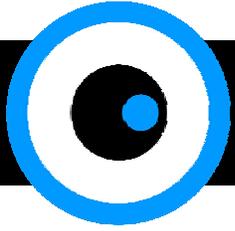


Smart Displays

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"



Good Luck!

Questions? Please contact:

Jon Hauptman

Vice President

847-756-3714

jon.hauptman@willardbishop.com

www.willardbishop.com



WILLARD BISHOP

840 South Northwest Highway Barrington, IL 60010

Phone 847.381.4443 Fax 847.381.3588

www.willardbishop.com