

# Supermarket Savvy

*You might not be aware of it, but each time you visit a supermarket, you are being influenced by a variety of sales techniques. Effective sales techniques make good sense for supermarkets but, for many consumers, it can mean returning home with unplanned purchases. Understanding how supermarkets influence your purchasing decisions can help you become a more informed shopper and save you money during these tough economic times.*

## Loyalty Cards

More and more supermarket chains require their customers to get special loyalty cards to receive sale prices on certain items. As part of the sign-up process for these loyalty cards, most supermarkets ask consumers for personal information, including name, address, phone number, and Social Security number.



In supermarkets' advertising campaigns, loyalty cards are presented as a way of rewarding loyal customers with special sale prices, not only in the store but also through the store's mail coupons. Why have supermarkets gone to loyalty cards? The answer is that they want to monitor your buying habits in order to increase profits. A

study conducted by CASPIAN or Consumers Against Supermarket Privacy Invasion and Numbering, found that these bonuses have merely replaced advertised sales and have helped supermarkets build databases on their customers. They have not increased savings to the consumer using these loyalty cards over time beyond advertised specials.

*There is no reason why a supermarket needs your Social Security number to offer you a loyalty card. Many supermarkets do not require it. If you are concerned about identity theft, you can decide to leave this line blank on the application, as well as the line requiring a credit card number. If the store clerk says it is necessary to fill in these lines, ask to talk to the store manager. In today's competitive climate, the desire to please loyal customers, combined with the very real increase in identity theft, will convince most store managers to honor your request. Many small towns and rural areas have only one supermarket. By requiring private information from their patrons to receive sale prices, shoppers are forced to divulge the information, forego store discounts on advertised specials, or drive extra miles to a different store.*

## Different Types of Supermarkets

Many superstores, such as Wal-Mart and Meijer, combine grocery sales with many other household goods. The availability of such a wide variety of goods in one store may help explain superstores' growth in popularity, as well as what could be a new trend for supermarkets — such as many of Kroger's newer stores — that now sell household items.

Food shoppers also look to save at warehouse clubs such as Sam's Club, Costco, and BJ's. By offering items in bulk,

these clubs cut unit prices. They also sell nonfood items such as electronics, books, and clothing. An annual membership fee of about \$40 is required. Although buying clubs often have low prices, you may need to buy larger quantities to save money. Prices at supercenters and warehouse clubs aren't always as low as supermarkets' weekly advertised sales. In deciding where to shop, consider driving distance, how much time it takes, and cost of gas. Another way to save money is to buy store brands, which tend to be less expensive and high in quality.

Specialty food stores have fewer items than most supermarkets. Some, such as food cooperatives, specialize in organic food. Price comparison among types of markets is important. Additionally, cooperatives allow ordinary people, through joint effort and resources, to exercise a greater level of financial power and community self-determination (i.e., choice of products and services to offer, as well as a share in the profits).

### It Pays to Be a Smart Shopper

In 2003, Consumers Union, publisher of *Consumer Reports*, had two shoppers buy equivalent items from the same supermarket. One used money-saving strategies and the other did not. The strategic shopper saved \$79, which adds up to a savings of over \$4,000 a year. Invested properly, this could go a long way toward a retirement plan. The smart shopper did not shop at multiple stores to take advantage of advertised specials or use coupons to double or triple discount prices, so even larger savings are possible. *Consumer Reports*, based on a 2009 survey, warned shoppers to keep an



eye out for sneaky signs. For example, shoppers may be under the impression that they have to buy multiple items for sales, such as four bags of chips for \$5. Retailers rarely require the purchase of all four items to get the sale price.

### Coupons

According to the Promotion Marketing Association, "More than \$350 billion of package goods coupons are offered annually" and approximately \$2.6 billion is saved annually by consumers.

These days, coupons are available not only in newspapers but also on the Web. You should not pay for coupons online, however, as some sites do charge. Newspaper and online coupons share some disadvantages: you may have to buy three or as many as 12 of an item to save \$1, when you only need or want one or two. Also, coupons can entice you to buy something you don't want or need. It is a good idea to make a shopping list first and then look for coupons for items on your list.

### When to Go Grocery Shopping

A major complaint of shoppers is the unavailability of advertised specials. Consider that products are generally available on the first advertising day and may be gone toward the end of the sale. A weekday morning or early afternoon is a good time to go shopping. Store traffic is light and specials are usually in good supply. Another good time to shop is around 8 p.m. because most shoppers are home then. At that hour, stores frequently reduce bakery goods and cooked, ready-to-eat entrees from half-price to as low as one-fifth of regular price. The worst shopping time is Saturday during the day and before dinnertime during the week, when most people have just left work.

## Saving Time at the Grocery Store

Most chain stores provide a picture of their store layout at the store or on their Web site. By making your grocery list with the store layout in hand, you or others in your household can save time when shopping. Put a star by those items that require a coupon, and attach coupons to the list so you don't forget to use them.

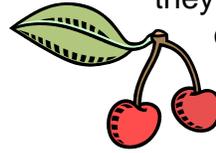
**TIP:** *If you shop at more than one store, note on your grocery list which store to go to for each item. Consider sending your older children to the store with this list. To help children learn the value of money, many parents have them clip coupons from newspapers and fliers. Some have their children add up the savings and put the money saved toward their next family vacation. Others use the calculated savings for children's allowances, for other items they want to buy, or for higher education. Find creative ways such as these to use chores, allowances, and savings to teach your children the financial skills they need, as well as to save you time.*

## Understand Store Layout

As increasing numbers of people don't have or won't take the time to make shopping lists, which have consistently been found to encourage thrift and discourage unplanned purchases, supermarkets strive to encourage buying by making shopping a more pleasant experience. Wide aisles, good lighting, air conditioning, music, and the smell of freshly baked goods help to set the mood. Some have added trains above refrigerated cases and even cows that moo to get the attention of young children.

Store layout serves an important purpose. Have you ever wondered why fruit and vegetables are among the first items a shopper comes upon in supermarkets? Fresh produce provides high profits for

stores and shoppers often buy it on impulse. Because shoppers see these items first, when they still have all their grocery money, they are more likely to buy. Meat



counters are usually placed across the back of the store so that shoppers must pass them each time they change aisles.

This means more opportunity to tempt shoppers to buy. This is the same reason dairy products are located away from the entrance of the store: shoppers must pass many other products before picking up the one dairy item they need. Similarly, staples such as flour, coffee, and sugar are often found in three different aisles so that shoppers will pass through as many aisles as possible. This technique must be working. According to one study, between 50 and 80 percent of shoppers went into the interior aisles.

## Consider Displays

Many consumers assume that items located at the end of the aisle are cheaper. Often these items are about to expire or are not even on sale. Another trick pairs a sale item with other items that are not on sale.

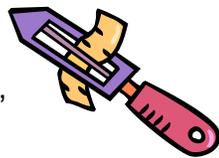
*Consumer Reports* explained that items such as tortilla chips that are on sale may be shelved with non-sale items such as salsa or dips. Colorful displays featuring interesting arrangements of goods are often set up for sale items. However, they may also be set up for new or slow-moving items. For example, the USDA Agriculture Marketing Service has found that sales of canned juices can be doubled by adding a display at the end of the aisle, even at its regular price. People will buy even more if the cans are in a special basket so they look like a bargain. Shoppers need to know regular prices so they can recognize a genuine bargain or sale. They should know that items advertised and marked "special" are not always lower in cost, that is, cheaper per unit cost.

Items that are easiest to reach may not be the best buy. Studies have shown that shoppers are more likely to buy items positioned on shelves from waist to neck level. However, some studies have shown that shoppers can save up to 10 percent by buying items below these levels.

“Hitchhiking” is another common way to display items in a supermarket. That is, one sale item is displayed next to a nonsale, high-profit item. For example, fancy crackers and dips may be displayed with cheese; sauces may be displayed near ice cream; high-priced salad dressing near fresh produce; and cakes near a special sale on fruit.

### Pricing Techniques

According to the National Advertising Division of the Council of Better Business Bureaus, “unbeatable price” advertisements give the impression of “lowest price offered.” Some retailers’ unbeatable pricing techniques do not specifically tell the consumer the advertisement limitations. For example, some stores do not honor advertisements such as “Buy One/Get One Free,” double or triple coupons, and price matching based on proof of a sales receipt. Pricing techniques are often persuasive. For example, when products are advertised at an odd price of, say, two for 35 cents, they sell more quickly than they do at two for 34 cents. One item would cost a penny more if the price were divided between the two items. However, if shoppers only intend to buy one item, but instead buy two, they may have been persuaded to make an unnecessary purchase.



You can usually expect to pay more for convenience, such as cut-up vegetables or single-serving packages. But is it worth it? According to a 2009 *Consumer Reports* article, one shopper saw a 6-ounce bag of shredded carrots for \$1.50, which was

almost five times more expensive for the same amount of whole carrots. If you don’t have time to peel and chop them yourself, or you’re too tired—a 2003 Nielsen survey shows that many heads of household are too tired after a day’s work to do much cooking and cleaning—you might want to pay for the convenience. However, if you have teenagers, you could put them to work cutting up vegetables during commercials when they’re watching TV or when they’re talking on the phone (with a hands-free headset). Just remember the previous tip on teaching children the value of money and consider the trade-offs we all must make. If you don’t teach your children about the wise use of money, who will?

### Unit Pricing

Unit price stickers on supermarket shelves help shoppers determine which size is the best buy without having to carry a calculator. In addition to the price of the product, the stickers give the price per pound, per ounce, etc. This enables shoppers to compare prices of different sizes and brands by simply comparing the unit price figures. However, shoppers should be cautious when using unit price stickers to compare the prices of frozen and canned products or the unit prices of vacuum-packed or liquid-packed products. The unit price for food packed in liquid is figured on the basis of food plus packing liquid. For example, liquid-packed corn may have a net weight of 15.25 ounces, but approximately 4.75 ounces will be liquid. If a can has only 10.5 ounces of corn, is the unit price still a bargain over the frozen corn? You’d do well to check! Since unit pricing can occasionally be deceptive, it pays to read both the labels and unit price stickers for canned goods. And keep in mind that canned and processed foods generally have more sodium.

In addition, container shapes are sometimes manipulated in order to look bigger than they really are. As manufacturer costs increase,



the amount of food in the package is reduced. The apparent size of the package can stay the same, however, with a sizeable indentation in the bottom of a can or jar, for

instance. Manufacturers save a lot of money through practices such as these.

Sometimes they simply reduce the amount of food, as with a recent reduction of 2.4 ounces in many cereal boxes. Either way, they leave the consumer with the short end of the stick. It might even be good for the consumer's waistline, but it's clearly not a bonanza for his or her wallet.

### Checking Out at the Cash Register

There are still people today who spend hours planning their menus and shopping. They clip coupons, read newspaper advertisements, check their refrigerator and cupboards, and then prepare a shopping list. Once at the store, they compare prices carefully and adjust their menu plans to take advantage of in-store sale items. But, when the cashier begins ringing up purchases on the cash register, these same shoppers are busy doing something else when they should be watching each price as it is rung up. Supermarkets generally have the worst error rate among retailers. Readers surveyed by *Consumer Reports* showed that 9 percent of all sales slips have an error. For example, cashier computer registers may unintentionally ring up last week's nonsale price instead of this week's sale price. Shoppers should observe each purchase price as it is rung up and question the cashier if something appears to be wrong. Some stores have a policy to give you the item free if you did not receive the sale price, so it pays to check.

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## ARE YOU FOOD-SHOPPING SAVVY?

Take a cash register receipt from a recent grocery-shopping trip. At the side of the tape figures, write in the items purchased. Now you are ready to find out what the tape reveals about your shopping.



1. Did you study the newspaper ads and use a shopping list? If so, give yourself a score of 40 points.
2. Review your cash register tape. Did you buy food that supports a balanced diet? Add 10 points for each food group or a healthy, nutritious choice—fruits, vegetables, high fiber, low-fat meat, or fish—found on your tape (50 point maximum).
3. How many house-brand items did you buy? Add 5 points for each type of house-brand item you bought that you felt was a good buy.
4. Did you compare prices using the unit price displayed on the shelf? Add 30 points if you used unit pricing appropriately (see earlier section for helpful hints on unit pricing).
5. Did you read the nutritional label on the package? Add 5 points for each nutritional label you studied.
6. Did you check the freshness date on milk, cottage cheese, or other dairy products? Did you check freshness dates for other perishable items such as orange juice? Add 5 points for each date checked.
7. Did you use national coupons along with store coupons? Add 10 points for each item bought using these coupons (50 point maximum).
8. Did you watch the cash register to make sure the scanner rang up the advertised sale price, rather than the regular (or wrong) price? Add 40 points if you did.
9. Were you tempted by your children or your spouse to purchase something not on the list? (Avoid bringing others along if they tempt you to spend extra.) Subtract 10 points for each item you purchased that wasn't on your list.
10. How many junk food items did you buy, such as soft drinks, potato chips, candies, or cookies, *just for the purpose of receiving a refund*? Subtract 40 points for each purchase like this.

**The last two questions concern your shopping habits when your grocery offers more than face value for coupons.**

11. Do you buy in quantity when a store offers to double and triple coupon values on national brand products 50 cents or less? (Most supermarkets no longer double coupon values to more than 50 cents in value.) Add 40 points if you do this.

12. When a store offers to double and triple the coupon values, do you use multiple coupons to save money by buying several small packages of the same item rather than one large package? Add 10 points for each product purchased this way.

### HOW DID YOU SCORE?



0 – 99	Trainee
100 – 149	Naïve Shopper: Win a few, lose a few; pennies add up to dollars
150 – 199	Average Consumer: Keep working — there is room at the top for savers
200 – 250	Super Shopper
Over 250	You are ready to teach 10 other consumers how to shop at a supermarket

Where trade names are used, no endorsement is intended nor criticism implied of similar products not named.

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