

Grocers Fight to Lower Prices, Not Raise Them

The National Grocers Association (NGA) represents 21,000 independent community grocers and wholesalers across the United States. Independent community grocers account for 33 percent of all grocery sales, exceeding \$250 billion, and more than 1 million American jobs.

The alarmist term “surveillance pricing” is being used to misrepresent how grocers price foods. It is important to understand how grocers set prices, what tools they do use, and the truth about what they do not.

How Grocery Prices are Set

The shelf price of any item starts with what the store paid for it. Most grocers buy from a distributor who buys from a manufacturer. The price includes everything it takes to get that food from the farm to the shelf, including:

- ✦ transportation and fuel
- ✦ refrigeration and electricity
- ✦ credit card transaction fees
- ✦ rent
- ✦ employee wages and benefits
- ✦ packaging
- ✦ insurance
- ✦ taxes

Grocery is one of the thinnest-margin businesses in retail, typically earning just **1 to 2 cents** of profit on every dollar of sales. When input costs rise, prices follow. When they fall, so do shelf prices.

How Grocers Help Shoppers Save

Independent grocers compete on price every day. They put money back in customers' pockets through weekly circulars, digital coupons, affordable store-brand items, and price matching against larger competitors. For an independent grocer, a reputation for value is the difference between staying open and closing the doors.

What Grocers Actually Do: Pro-consumer practices that have been used for decades.

- ✦ Loyalty program discounts and promotions
- ✦ End-of-day perishable markdowns to prevent food waste
- ✦ Promotional pricing when they get deals from their distributors

What Grocers Do NOT Do: Practices that do not happen in independent grocery stores.

- ✦ Surge pricing based on who is in the store
- ✦ Individual shopper profiling to charge people higher shelf prices
- ✦ Algorithms that are used to raise prices in response to high demand
- ✦ Deceptive practices that change prices while consumers are shopping

At the **HEART** of the community

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Grocery Colliding with Technology: We've Been Here Before

In 1974, the first supermarket barcode was scanned in Ohio. Consumer advocates warned it would enable price gouging. State legislatures introduced bans. Cities passed ordinances forcing grocers to hand-sticker every product. Today, the barcode is one of the most important affordability tools in retail history. The predicted gouging never materialized. Just like before, however, we are seeing similar panic and unfounded accusations regarding the latest technology available in grocery stores, electronic shelf labels (ESLs).



What ESLs Are and How They Save Shoppers Money

- ✦ **Digital paper tags.** They display prices set by department managers; they do not set prices.
- ✦ **An accuracy tool.** The shelf price always matches the register price, addressing the most common consumer complaint about pricing.
- ✦ **A markdown tool.** End-of-day discounts on perishables that once took hours of manual labor now happen in seconds, saving store employees hours of tedious work.
- ✦ **A competition tool.** When a national chain drops a price, an independent grocer can match it in minutes instead of waiting for the next tag printing.
- ✦ **An employee tool.** Hours once spent swapping paper tags are redirected to customer service on the sales floor.

What ESLs Are NOT

- ✦ Cameras or purchase-tracking devices.
- ✦ Autonomous pricing engines. Every price decision is made by the store.
- ✦ A tool for surge pricing. Grocery is not airline ticketing or rideshare apps.
- ✦ New or unproven. ESLs have been used widely in Europe and Asia for over a decade, without the harms critics predict.
- ✦ A cause of higher prices. ESLs most often execute markdowns and promotions and save costs on paper tags.

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