EDLP Disc 1:

David Cheesewright

13:40 It’s the most talked about attribute in Walmart. There’s no book you can pick up to find out what it is, and it’s the least understood. Try and find any detail what EDLP is. Other than a couple of references in Don Soderquist’s book, there’s nothing.

1. It’s our business philosophy. It’s not a debate.
2. You are the ones to do the work, using our framework. But this only works if you take this back to your markets and find out how it works in your markets.

19:53 Our goal is to save people money. We typically do that with unbeatable prices, how we get there is EDLP.

Interdependence: It’s a fact that over time price leaders have always taken market share in retail. You cannot be the price leader unless you’re also the lowest cost. It’s almost impossible to be the lowest cost without the stability that EdLP give you. It’s also impossible to be EDLP if you constantly confuse customers with prices that go up and down.

21:17 Definition of EDLP

We trust WM to have the lowest price every day.

1. “We” – it’s about inclusivity. It’s a pricing strategy that applies to everybody.
2. How can everybody who walks in my door take advantage of that price?
3. You’ve got to deliver savings on food and consumables and HBA.
4. What is the magic number? What’s the gap? Somewhere between 5-7%.

25:30 Every day. It’s every day two words, not one. The customer is saying not literally every day but every day I walk in. I don’t want to find out today that yesterday there was a lower price on what I purchased. It’s about consistency.

25:40 Trust. We’re in the trust business. In order for customers to believe you’re telling the truth you have to answer three questions:

1. Do you tell the truth?
2. Do you do what you say you’re going to do?
3. Do you do it always?

28:00 It’s a business philosophy, not a price strategy. It’s a way of life. It’s about managing your whole business.

It’s HARD WORK. If you want to succeed, you remove the crutches of using promotions.

29:29 It can be very difficult and takes time. The time period can take years to implement but you have to stick with it. You’re making a decision to value long term value over short term gains.

It requires strong leadership.

Duncan Mac Naughton - Price Principles

31:00- Pricing principles.

We save customers money every day.

We always have the lowest price on our customers basket.

43:12 – Charles Redfield

ASDA – 5 Customer Pledges

1. Prices I can trust
2. Quality I can trust
3. Availability – Get it when I want it
4. Best for new
5. Happy to help – service perspective

Clear and consistent measurement of price is absolutely everything. It’s important to look at it from the customer’s viewpoint, not how we view it. You have to have a process in place that doesn’t allow for cheating. Timely information by competitor is critical. It’s important you use it and put it into action. Those actions need to be aligned with the customer.

45:23 Operations doesn’t own the measurement of price. The Marketing group owns the measurement of price, because they’re the voice of the customer.

46:18 Rick Bendel – Price measurement.

Try to find a common way to measure price from a customer’s point of view. If a basket of goods cost $100, how much do you think it costs at other retailers? The customer’s response is price perception.