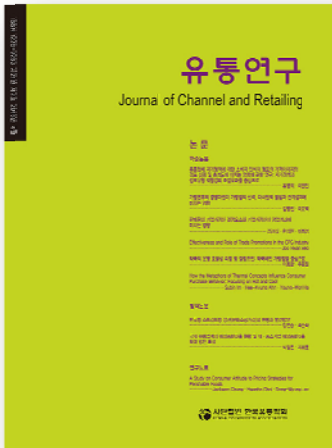


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“A Study on Consumer Attitude to Pricing Strategies for Perishable Foods” _연구노트

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A Study on Consumer Attitude to Pricing Strategies for Perishable Foods

Jaekwon Chung*, Hwanho Choi**, Dong-Myung Lee***

The pricing of perishable foods has been a key strategic factor in the success of food retailers in a fiercely competitive market. In practice, food retailers offer competitive prices to attract potential buyers and to expand their market share. In accordance with such efforts, prior studies on pricing have focused mainly on optimizing prices in order to develop effective pricing structures. This approach takes the view that consumers will be tempted by optimal price propositions and will try to maximize the financial benefits. The problem with the approach is that it is producer- and economic-centric, limiting consumers to having economic interests only. However, we argue that this approach is not as effective as originally assumed, and that we need a change in the current pricing strategy. Based on this understanding, we collect data from actual food consumers using a focus group interview. Our findings suggest that everyday food consumers' buying decisions are affected by factors other than just price. In particular, we find that everyday food buyers seek a balance between economic interests and ethical concerns. Thus, we define consumers as "everyday ethical consumers." These consumers question the legitimacy of a retailer's pricing strategy, because it encourage unnecessary purchasing and generation of food waste, which are critical social concerns. To satisfy consumers and to contribute to society, we suggest that more dynamic pricing can be a viable option. Therefore, food retailers need to consider changing their pricing strategy to meet the needs of contemporary food buyers, and a more dynamic pricing strategy is one possible approach.

Keywords: Perishable foods, Food pricing, Food retailing, Consumer behavior

I. Introduction

The market value of the food retail industry in South Korea reached \$77 billion in 2014, accounting for 5.3% of South Korea's GDP(2014 GDP = \$1,447.4 billion)(MarketLine 2015). This

industry market value has increased steadily, showing a 3.1% compound annual growth rate since 2010 (MarketLine 2015). The growth has largely been fueled by the growth of the so-called big three large-scale retailers, namely Emart, Homeplus and Lotte Mart, since the opening of the distribution market in 1996(Suh, Han and Kim 2008). Although

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these retailers have grown rapidly, they compete fiercely in order to survive owing to market saturation. With the intensifying of competition in the large-scale food retail sector, retailers need to provide differentiated services and products. Although food retailers need to carefully select which products to sell, selected products are the same everywhere, regardless of the store. This raises the importance of developing differentiated marketing strategies.

Food retailers need to develop effective differentiated marketing strategies that attract customers and improve the level of customer satisfaction, which will significantly influence their performance(Anderson and Sullivan 1993). Huddleston, Whipple, Mattick and Lee(2009) investigated the factors that influence customer satisfaction for food retail stores(specialty and conventional grocery stores), and found that product assortment, product quality, customer service, and product price are the key attributes that do so. Among these attributes, we select and discuss product price as an important marketing strategy that food retailers should develop in order to improve their performance, based on the following reasons. First, prior studies have found that price affects the perceived quality, value, and customers' expectations of products, which are significant factors influencing their satisfaction(Anderson and Sullivan 1993; Anderson 1996; Fornell, Johnson, Anderson, Cha and Bryant 1996; Zeithaml 1988).

In addition, Lee and Hwang(2012) documented that pricing can be practiced immediately, once decided upon, while other strategies such as product advertising and distribution need much more time

and generate significant costs. Existing food retailers may find it difficult to relocate their stores, or to improve their product assortment, quality, and customer service, all of which generate costs and require time and effort. To survive in the highly competitive market, food retailers need to react quickly to the market environment, including competitors' changing strategies. Therefore, they need to develop effective pricing strategies that are cheaper and require less time to implement, but that still have a significant impact on consumers' purchasing intentions. The question that remains is how to manage prices effectively.

Yoo(2015) stated in his article that Homeplus decided to reduce the price of perishable foods by 10 to 30% in order to overcome recent poor performance. They did so because perishable foods form the largest part of overall sales, with 64% of their customers purchasing perishable foods. In fact, perishable foods are significant to success within the food retail industry because they cannot be stored for a long time. The short shelf life means consumers visit food retailers regularly, and may purchase non-perishable products as well. If competing food retailers carry the same perishable products, then the price of perishables can be an important part of consumers' choice of store. With the short shelf life, the freshness of perishables decrease as they approach their sell-by date, causing consumers' perceptions of the value of the products to decrease(Chung and Li 2014). For this reason, pricing decisions for perishables need to consider the initial price, but should also include a discount structure to reward the value loss, thus improving customer satisfaction and enhancing the selling

process.

Prior studies have emphasized the importance of developing effective pricing policies for perishable foods to ensure success within the food retail industry(e.g., Chung, Choi and Park 2013; Chung and Li 2014; Li, Tang, O'Brien and Wang 2006; Liu, Tang and Huang 2008). Various previous studies have investigated optimum pricing (discounting) structures for generic perishable products(e.g., Aviv and Pazgal 2008; Bitran and Mondschein 1997; Dasu and Tong 2010). However, these may be difficult to apply in practice because the solutions provided by these studies were based on mathematical assumptions that need to vary according to the product type and changes in the market environment.

Recent studies have tried to provide a generic strategy guide for the pricing of perishable foods by examining how the frequency of discounts affects retailer performance, based on the assumption that consumers are rational in their purchases(Chung, Choi and Park 2013; Chung and Li 2014). They suggest that retailers should more dynamically regulate the price of perishables as approaching to the end of shelf life. Their results are based on the assumptions that consumers purchase perishables using a consumption plan, and that they are ready to compromise between price and freshness. However, it is not evident that these assumptions are valid.

It can be said that price is an important marketing strategy that significantly influences consumers' purchasing behaviors and the performance of retailers. Due to the indemnification of freshness reduction, the price of perishable foods needs to be dynamically managed in the approach to

the expiry date. There are various methods by which to adjust the price of perishable foods. For example, retailers can reduce the price only once as the expiry date is imminent, or they can more frequently and gradually adjust the price at a small rate in the approach to the expiry date. Depending on the method used to manage the price and product type, consumer reactions and purchasing behaviors may change. Prior studies on pricing for perishables have focused on the optimization of profitability using various demand assumptions that regard consumers as economically rational purchasers. However, these demands used in prior studies are assumptions, and changes in consumer reactions and behavior according to different pricing approaches were not explored well.

Therefore, this study aims at investigating consumer reactions to and perception of perishable foods' pricing approaches in general, and we select a focus group interview as the data collection method based on the following grounds. There are countless types of perishable foods, and consumer reactions to and perception of pricing approaches may vary depending on the type of perishables. Using other data collection methods such as survey and field experiment, it is required to select sample product types for accurate results. Researchers may not be required to focus on a specific product type when conducting a focus group interview with an open-ended semi-structured questionnaire. Through encouraging interaction between participants rather than the specific guidance of interviewers, we expect to generate findings from a wider perspective than would be generated when focusing on a specific product type. Therefore, enabled by

qualitative analyses, we expect to discover how pricing approaches for perishable foods affect consumers in general, rather than focusing on the impact of a specific pricing approach for a specific product type on consumers.

The results of this study can provide an understanding of how pricing affects consumers in their purchases and the study of dynamic pricing approaches in a wider perspective based on consumer experience, and give a chance to discover unexplored knowledge of consumer behavior with regard to pricing for perishable foods.

II. Literature Review

Numerous studies have examined the pricing of general perishable products in order to determine an optimum pricing structure that links price and value changes(e.g., Aviv and Pazgal 2008; Bitran and Mondschein 1997; Dasu and Tong 2010; Elmaghraby and Keskinocak 2003; Feng and Gallego 1995; Kincaid and Darling 1963; Lazear 1986). In general, it is believed that the value of perishable products changes dynamically. For example, the value of seasonal clothes is higher at the beginning of a season, and decreases towards the end of the season. Therefore, prior studies have suggested dynamic pricing that manages the price of product according to value variations for perishable products. These prior studies on the pricing of generic perishable products have attempted to suggest an overall price structure that considers changes in value.

Few studies have focused on the pricing of

perishable foods. As noted in the introduction, perishable foods are an important product category for food retailers and it is difficult to manage their prices because their value and freshness decrease continuously over time. Considering the way the value of food changes, retailers should practice a downward adjustment in price, but how often, when, and by how much are difficult questions to answer. Li, Tang, O'Brien and Wang(2006) and Liu, Tang and Huang(2008) investigated a dynamic pricing model for perishable foods based on price-dependent demand and the assumption that food value(quality) is traceable. They suggested that food retailers should improve profitability by reducing the price of perishables as their remaining shelf life decreases, which can improve consumers' willingness to pay for perishable foods with little time remaining.

Recent studies by Chung, Choi and Park(2013) and Chung and Li(2014) tried to provide a generic guide for the pricing of perishable foods for food retailers. These two studies both generate their results using a simulated demand scenario called a need-driven demand scenario. The need-driven demand scenario assumes that consumers have their own food consumption plans and make purchase decisions according to these plans. To purchase a specific perishable food, consumers require a certain remaining shelf life, based on their consumption plans. If there are products available that fulfill a consumer's required remaining shelf life, he or she purchases the product that has "the cheapest price" and "the longest remaining shelf life"(Chung and Li 2014). With the simulated need-driven demand, Chung and Li(2014) found that food retailers could

enhance profitability and reduce waste by more frequently discounting the price of perishable foods.

In the same context, Chung, Choi and Park(2013) found that earlier, but smaller price discounts benefit food retailers in terms of sales volume, waste reduction, and inventory aging. These two studies used the simulated demand assumption that consumers plan their food consumption and are willing to compromise between price and freshness. However, the questions of whether consumers have food consumption plans, whether dynamic pricing(more dynamic vs. less dynamic) affects consumers' purchasing behavior differently, and whether consumers are willing to compromise between price and freshness remain unanswered. In summary, need-driven demand is an assumption, and prior studies have not investigated the impact of dynamic pricing on consumers' perceptions of perishables.

Chung and Li(2013) investigated the effect of dynamic pricing on consumers' perceptions of perishable foods. They found that food retailers can enhance customer satisfaction by implementing more dynamic pricing, and that consumers are more willing to compromise between price and freshness for a food category that has higher customer satisfaction with more dynamic pricing. Tsiros and Heilman(2005) explored consumer behavior with regard to perishables' expiry dates and the perceived risk associated with consumers' willingness to pay. They found that consumers' willingness to pay diminishes as perishables age. Thus, they suggested discounting prices as perishables approach their sell-by date.

Smith and Sinha(2000) studied how price and

product promotion affect consumers' food retail store preferences. They suggested that a direct price discount is effective for expensive products, but that a volume promotion is more effective for cheaper products. Nijs, Dekimpe, Steenkamp and Hanssens (2001) investigated the effect of price promotions on food retailer performance using national sales data of Dutch supermarkets. They found that temporary price discounts have a positive impact on sales in the short term, and that increasing the frequency of price discounts may improve the effectiveness.

III. Methodology

The aim of this research is to understand how consumers are of food retailers' pricing strategies and how much of an impact these strategies have on consumers' buying decisions. Previous studies on pricing have focused on pricing optimization, taking the view that consumers primarily seek economic advantages and are most attracted by attractive pricing propositions from food retailers(e.g., Aviv and Pazgal 2008; Bitran and Mondschein 1997; Chung, Choi and Park 2013; Chung and Li 2014; Dasu and Tong 2010; Li, Tang, O'Brien and Wang 2006; Liu, Tang and Huang 2008). However, other studies suggest that consumers' decision-making is not simply based on pricing propositions or economic evaluations. Instead, it is based on complex issues, and their desire has been fragmented(Hirschman and Holbrook 1982; Ulusoy 2016). Owing to the nature of this research, a qualitative research approach was regarded as

suitable because it helps provide a detailed understanding and to disclose unexpected or unknown knowledge(Denzin and Lincoln 2005).

Therefore, it was required that we interact with actual everyday consumers to gain knowledge and collect relevant data. According to Belk, Fisher and Kozinets, “it is normal for qualitative researchers to try to observe and interact with people in the contexts that shape their everyday behaviours and perceptions. This ‘in situ’ characteristic of qualitative research contributes to its ability to capture insights”(2013, p. 4). To collect data, we conducted a focus group discussion with consumers who regularly visit food retail stores for their everyday shopping and who have relatively good knowledge about pricing strategies of retail stores, such as direct price discounts. Focus group discussions are often used in market research and have distinct advantages, such as encouraging interaction and synergistic settings between participants, rather than relying on influence or being guided by interviewers(Finch, Lewis and Turley 2014). Krueger and Casey point out that a focus group discussion offers a more “natural environment than that of the individual interview because participants are influencing, and influenced by others – just as they are in real life”(2009, p. 7). Pricing is one of the areas that the focus group interview can effectively be applied as utilizing the focus group interview is able to reduce the gap between producers and consumers(Cox, Higginbotham and Burton 1976). The focus group interview like other qualitative research methods such as face-to-face interviews is widely adapted in various marketing related research settings such as customer

relationship management(Parasuraman, Berry and Zeithaml 1991), value chain in the digital age(Graham, 2010), digital marketing(Phelps, Lewis, Mobilio, Perry and Raman 2004), consumer behavior(Balasubramanian and Cole 2002; Gainsbury, Aro, Ball, Tobar and Russell 2015) and packaging(Fernqvist, Olsson and Spendrup 2015).

Traditionally, qualitative research does not require large samples. Even a sample of one which offers rich details can be sufficient(Baker and Edwards 2012). The common size of a focus group is between six and twelve people(Belk, Fisher and Kozinets 2013; Finch, Lewis and Turley 2014). For this research, we recruited six participants(see Table 1). According to Belk, Fisher and Koinets(2013), the homogeneity of participants is important when conducting focus group discussions, because it encourages collective sharing and discussion. Differences between participants might discourage unconstrained discussion(Finch, Lewis and Turley 2014). In this case, all participants are responsible for grocery shopping for their families or employees. Therefore, they have good knowledge of grocery shopping and prices offered by food retailers, and are decision-makers within their families with regard to daily shopping. Five of the six participants are housewives, who also have their own jobs or businesses. Their ages range from early 30s to mid-50s. They regularly visit food retail stores for grocery shopping. They normally shop at least once a week, and a heavy buyer visits every day. Their average purchase amount per visit is between 20,000 and 30,000 Korean won. Before conducting the group discussion, we developed semi-structured questionnaires consisting of five

parts. The first part initiates discussion among the participants. Here, the questions are about their reasons for visiting specific food retail stores for their everyday shopping. The second part questions whether they create a plan before going shopping and, if so, how they create their shopping plan. The third part questions their knowledge of discounts offered by food retailers, the types of products that are attractive for discounts, and the features that are important when they buy discounted goods. The fourth part consists of questions on which categories are important when they buy perishable foods, their opinions about compensate for value loss or discounts on perishable foods due to value deterioration, and so on. The last part questions whether a more active dynamic pricing strategy would be attractive to them, and how it would affect their buying behaviors. We adapted pricing approaches used in Chung and Li(2014) as examples of more and less dynamic pricing, and presented to participants in this study(see Table 2).

After conducting the focus group, the data were

reviewed several times in order to understand the nature of the data and to identify key themes. The data were analyzed and interpreted by adapting the hermeneutic approach(Thompson 1997) in order to understand and identify shared experiences and narratives of daily shoppers, because the hermeneutic approach views consumers’ experience as a prime source of understanding markets and their behavior. According to Thompson, “from a hermeneutic perspective, the stories consumers tell about their consumption experiences are a prime locus of discovery. [...] a hermeneutic mode of interpretation can be particularly useful in bridging the strategic gap between consumers’ overt awareness of their life circumstances and the marketing opportunities latent to these perceptions” (1997, p. 439).

Using the hermeneutic approach in a data analysis is a continuous iterative process, moving back and forth among data sets to capture collective narratives and common patterns(Thompson, Locander and Pollio 1989). Therefore, we need to review the

<Table 1> Focus Group Participants

Participants	Age	Job	Family size	Number of times visiting food retail shops	Average purchase
A	43	Freelancer	2	Three times a week	₩20,000
B	35	Self-employed	15 ¹⁾	Once a week	₩300,000
C	55	Sales	2	Once a week	₩2-30,000
D	51	Self-employed	3	Once a week	₩2-30,000
E	41	Self-employed	7	Everyday	₩2-30,000
F	31	Service worker	2	Twice a week	₩20,000

1) In case of the participant B, the participant normally shops for their employees. Therefore, the number indicates the size of employees.

data several times in order to re-examine the initial analysis and discover missed ones. After reviewing and re-examining the data set, both researchers had formal discussion sessions to share and redefine the identified and discovered narratives and the experiences of participants.

<Table 2> Example of more and less dynamic pricing presented to participants

Remaining days	An example of current less dynamic pricing	An examples of an alternative more dynamic pricing
7	₩1,000	₩1,000
6	₩1,000	₩981
5	₩1,000	₩962
4	₩1,000	₩943
3	₩1,000	₩924
2	₩800	₩905
1	₩800	₩886

IV. Results

The focus group discussion suggests that contemporary everyday consumers have fragmented identities because their decisions are based on different issues, such as economic interests, environmental concerns, and personal preferences. In particular, the findings show that, when making decisions, consumers negotiate between price and ethical issues such as food waste. The following findings offer expositions based on three key themes identified from the participants' narratives and experiences.

1. Diversified and fragmented consumption behaviors of daily shoppers

Daily shoppers have various reasons and preferences for making decisions to visit particular food retail stores and purchase everyday perishable foods. They are not only concerned about prices and discounts, but also consider different features and particularities of each food retail store. The survey conducted by Korea Consumer Agency(2015) also shows that consumers have different levels of satisfaction with regard to the service offerings of each food retail store. The survey suggests that consumers consider price and discounts, as well as issues such as goods placement and store facilities.

In particular, informants identify four features, except price, that they consider when choosing to visit specific food retail stores: quality(including freshness), ease of use, purchase size, and reliability. When they buy goods, especially perishable foods, they strongly consider the quality of the products and their freshness, because the products need to stay fresh for a time and have short shelf life when stored. Secondly, consumers consider ease of use, such as the distance to a store, easy access to parking, logical shelf displays, and careful floor planning. Thirdly, their choice is influenced by the quantity they wish to purchase. When they need to buy large volumes of products, they visit warehouse-type retail stores, such as Costco. For everyday perishables, they normally visit nearby food retail stores. Lastly, they consider the reliability of food retailers.

Recently, the food shopping market has become

more diversified, as different forms of perishable shopping, such as cooperative associations and direct delivery from farms, gain popularity. The informants indicated that they find the new shopping options more reliable than they do traditional food retailers. Consumers believe that emerging forms of food retailers, such as cooperative associations, are more concerned about establishing a healthy agriculture industry. They view these retailers as offering better quality and more trustworthy goods at reasonable prices than those offered by short-term financial concerns.

Research suggests demographic changes and sociocultural transitions cause transformations of major shopping populations and the emergence of new shopping behaviors (Zeithaml 1985). Therefore, food retailers need have strategies in place to adapt to changing market environments. Consumption markets in Korea have been experiencing demographic transitions such as increasing numbers of single shoppers, economic downturns, and the fragmentation of consumers' preferences. These transitions mean that attractive prices are no longer the basis of consumers' decisions. Consumers visit coffee shops to buy their favorite drinks, which sometimes cost more than their meals, and some wait in queues overnight to buy items such as the McDonald's Happy Meal gift and H&M's collaboration with famous designers. We see many consumption activities that cannot be explained solely by rational choices and utilitarian behaviors, such as various types of fine dining restaurants, expensive desserts, luxury fashion accessories, and toy brands such as Lego. Even everyday grocery shoppers demonstrate these patterns. The informants

reveal that although competitive price and economical purchases are important, they do not always compromise quality or their personal preferences. Informant E explains:

“In terms of price, inexpensive price would be attractive. However, I don't buy low quality food even though it is inexpensive.”

Sometimes they consider the quality of goods extensively, visit organic shops, and order goods from farms, even though it is a more expensive option. They do so because they gain emotional satisfaction, symbolic fulfillment, and experiential enjoyment, which they might not get from purely economical, rational shopping. This is demonstrated in the increase of the sale of Peacock, a private brand of Emart. Unlike other private brands, Peacock is positioned as a luxurious brand, offering beautifully packaged quality goods at relatively high prices.

2. Negotiation between economic and ethical consumption

The negotiation between economic and ethical consumption illustrates that consumers engage not only with achieving a maximum level of economical purchasing, but also with contributing to ethical and socially conscious consumption to reduce food waste and compulsive buying. Traditionally, the rational and utilitarian consumer behavior approach suggests that choices consumers make are based primarily on gaining benefits (Hirschman and Holbrook 1982). Therefore, consumers should have

clear ideas or feelings that the expected benefits will exceed the required costs. This understanding suggests that food retailers' pricing strategies and discounts need to be based on attractive and competitive prices. The participants described clearly that they have a good knowledge of the discounts offered by food retailers, and that they share this information with other community members. Consumers know when food retailers' flyers are delivered and when special discounts events take place. According to Informant B:

“Nowadays, food retailers offer flyers(with information) about price reduction to home. The flyers of two or three food retailers nearby my home are delivered so I compare prices between each food retailer.”

Economically sensitive consumers even use smartphone messaging applications, such as Line and Kakao Talk, to share information about price reductions by food retailers in their community with other members. The economically sensitive side of consumers judges price to be one of the most important elements of perishable food shopping. In this regard, they are willing to change their shopping and meal plans and purchase unplanned and unintended products, following discounts of food retailers.

Moreover, they sometimes develop journey plans for shopping to achieve maximum economic value. Here, they compare the prices of each food retail store in their community, using flyers, and then make separate shopping lists for each store. Furthermore, these are not just extreme cases of

consumers who are economically sensitive and trying accomplish rational choices. We now see that ordinary consumers browse shopping websites and compare prices before purchasing. Previous research finds that price is a key factor for online shoppers(Lee and Overby 2004; Reibstein 2002). Some consumers also visit various food retail stores and compare prices of the products they are willing to buy.

Although the participants point out that price is important to their daily shopping, it is not the only issue they consider. Consumers are also ethically conscious, claiming that they are not thoughtless buyers who accept discounts of food retailers without considering their family size and the limits of the consumption. To satisfy financially sensitive consumers, food retailers often sell bundled products, while maximizing the volume of sales. However, the informants feel that the problem with the current less dynamic pricing approach is that it promotes unethical behaviors by consumers by encouraging purchases of unplanned goods and excessive consumption. This has also been a central criticism by policymakers and environmental organizations who criticize food retailers for transferring food waste to households(BBC 2014).

Moreover, retailers' pricing strategies have become sophisticated. In most cases, loss leaders and bundles of goods are used to attract potential buyers, causing consumers to invest significant energy in considering and comparing options and prices. Because food retailers offer different prices for the same products, using different pricing strategies, consumers question the righteousness and appropriateness of these propositions. Therefore,

they question whether specific price offerings are economically rational and ethically acceptable, because they are concerned about the size of their consumption and the possible generation of waste when purchasing items promoted as loss leaders or as bundles. Participants clearly expressed that they hesitate, or decide not to purchase if there is a strong possibility of unnecessary surplus. According to informant D:

“In case of tofu, two portions of tofu are sold as a package. ... I don't need two portions because I cannot consume all so remaining tofu will be thrown away anyway. In case of perishable foods, I try not to be greedy if I consider that I would not be able to consume all. I believe that most young mothers would be similar.”

3. Necessity of an alternative pricing strategy

Participants generally feel that a rigid pricing strategy does not optimally meet their needs of achieving a balance between economic interests and ethical concerns such as reducing food waste and overconsumption. In this regard, a more dynamic pricing strategy was offered to participants as an alternative. This section summarizes the discussion and analysis.

First, the informants express that they would have more autonomy and control over buying with more dynamic pricing. The existing pricing strategy of food retailers forces them to accept the offered price, and to purchase ready-made discounted

products as a loss leader or as a bundle. Therefore, the current less dynamic pricing strategy does not offer them much freedom when shopping, compelling them to purchase goods on offer based on food retailers' financial and managerial concerns.

Second, following on from the first point, the informants note that an alternative more dynamic pricing would offer diversity by having more pricing options from which to choose, giving them control by letting them stick to their original shopping plans that are based on their shopping patterns and consumption volume. Because a more dynamic pricing strategy offers a variety of price options, based on remaining shelf life, consumers would be able to choose a price of food based on their consumption plan. According to a participant F:

“(With an alternative more dynamic pricing)I would be able to have variety of options to choose(on prices). Or less fresh food can be bought on a more inexpensive price.”

Informant E mentions:

“If I need food with five days of remaining shelf life, anyway food with five days of remaining shelf life or seven days of it would be same so I would buy food with five days of remaining shelf life because it is less expensive(than seven days one).”

In addition, the more dynamic pricing would reduce compulsive buying and excessive consumption, because it does not offer a retail

environment where considerably reduced prices and loss leaders are offered to tempt potential buyers.

Interviewer: do you consider that a more dynamic pricing would encourage rational consumption such as compulsive purchasing?

Interviewees: Yes, we think so.

Lastly, the consumers judge that because food prices are reduced based on remaining shelf life in a more dynamic way, they would be able to readily confirm the remaining shelf life and its potential freshness. Therefore, they would have more confidence and trust when they purchase food because they know when it is produced and displayed on the shelf. A participant C stresses:

“In case of the existing pricing strategy, price would be same as long as it is displayed on shelf so I wonder when it is produced and displayed(on shelf). However, in case of a more dynamic pricing, everyday price would be different so more trust on freshness will be offered. Moreover, there would be no more compulsive purchasing.”

In particular, the consumers consider a more dynamic pricing strategy to be attractive for their daily food shopping because they can choose prices based on their consumption plan. With the existing pricing strategy, consumers tend to buy food that has the longest remaining shelf life(Huh 2013) because the price of a product is the same, unless it is on price reduction.

The pricing offered by food retailers has been

questioned, with some even suggesting that food retailers deceive consumers with their pricing(Chung 2015). Therefore, the legitimacy of the existing pricing strategy has been challenged. Owing to the increase in distrust of retailers' pricing and retailers' encouragement of unnecessary purchasing and food waste, an alternative pricing strategy is required. The informants clearly express that a more dynamic pricing is a possible solution.

V. Conclusion

Prior studies on the dynamic pricing for perishable products have focused on optimizing price structure so that food retailers can achieve profitable financial returns(Chung, Choi and Park 2013; Chung and Li, 2014; Li, Tang, O'Brien and Wang 2006; Liu, Tang and Huang 2008). The results of these studies were analyzed based on various assumptions. One recent study investigated consumer response to dynamic pricing for perishable foods(Chung and Li 2013), and the results were analyzed based on prepared questionnaires. With various mathematical assumptions and prepared questionnaires, prior studies may not be able to capture an in-depth consumer experience, observe consumers' thought and unexpected knowledge. By conducting a focus group interview, this study recognizes the diversified consumer behavior, consumers' notions on pricing, and gains unexplored and unexpected knowledge which provide new insights into the benefits of dynamic pricing from the consumers' point of view as follows.

1. Theoretical and Practical Contributions

This study suggests that even everyday perishable food consumers show diversified behaviors and meanings. In particular, when buying, they tend to negotiate between economical purchasing and being ethically conscious. The critical concern is that the current pricing strategy does not adequately satisfy consumers because it considers the economic side only in order to maximize retailers' financial returns. Therefore, food retailers need to change their pricing strategy to identify an approach that adequately reflects the needs of consumers who pursue economic benefits and ethical contributions.

This research suggests three important implications. First, because the nature of consumers and their consumption has become diversified and fragmented, retailers' pricing strategies should follow conditions that satisfy the needs of consumers. Therefore, the legitimacy of the current pricing strategy needs to be questioned and challenged. The pricing strategy is producer-centric because it has been used primarily as a strategic approach to increase short-term sales and reduce inventory costs (Chung and Li 2013). Therefore, consumers have not had many options or control in terms of pricing because they have had to accept the prices offered by food retailers. The current rigid pricing and discount strategy means consumers often encounter circumstances in which they have to buy unnecessary amounts of goods and unneeded products.

Economically conscious consumers feel that they do not have many options because they need to

change their shopping plans to purchase discounted goods. The participants of this research suggest that more price options would give them freedom of choice and autonomy in shopping because they would not have to simply follow the suggested discounts of food retailers. This would offer a more consumer-centric shopping environment, in which consumers become autonomous individuals, organizing and managing their shopping without much interference by food retailers. Moreover, food retailers need to understand that consumers' choices are not only based on economic issues. Instead, they compromise and negotiate among ethical, symbolic, experiential, and emotional aspects. According to Levy, "people buy things not only for what they can do, but also for what they mean" (1959, p. 118). Even food retailers catering to everyday food shoppers should understand that their consumers have fragmented identities. These findings suggest that everyday grocery shopping is related to economic and non-economic aspects of consumption.

Following the first implication, we note that food retailers need to understand that consumers negotiate between economic benefits and ethical concerns in their daily shopping. These consumers are "everyday ethical consumers," who are concerned about ethical issues, while also pursuing economical purchasing. These consumers negotiate and endeavor to achieve a balanced approach between economic interests and ethical concerns. Therefore, contemporary consumers cannot be defined simply as benefit seekers or bargain hunters. Consumers do not naively accept food retailers' pricing strategies without asking ethical questions

and considering personal factors. However, these consumers differ from purely ethical consumers who can give up all economic benefits for ethical concerns. Existing research(e.g., Crockett and Wallendorf 2004; Kozinets and Handelman 2004) suggests that consumer activism is associated with groups of enthusiastic people who have a determined political agenda or ideological beliefs against unethical production, environmentally unfriendly consumption and corporate greed. However, the consumers in this research suggest that ethical consumption is embodied in their everyday life and consumption.

Third, active dynamic pricing can offer benefits to consumers and to society. There has been criticism that the current pricing strategy encourages unnecessary buying and extra consumption. Therefore, it leads to food waste, which becomes a significant social concern(BBC 2014). With regard to the existing pricing strategy, the informants also express that they are tempted to buying unplanned and unnecessary goods, which contributes to excessive purchasing and the generation of waste. Generally, everyday food consumers are regarded as bargain hunters trying to maximize economic benefits. However, this research suggests that such consumers do not simply pursue monetary interests. Instead, they pursue a balance between economic interests and ethical concerns. Therefore, food retailers need to understand everyday ethical consumers and to identify a strategic approach to satisfy them. This research suggests that a more dynamic pricing strategy is a possible solution. This approach might be a viable way to satisfy everyday ethical consumers, as well as to contribute to

society.

2. Limitations and Future Research

Although this study offers fresh and in-depth narratives and experiences of consumers on pricing strategies, it also has clear limitations.

Firstly, the research approach is qualitative, which means it is difficult to generalize the findings. Moreover, none of the participants are not full-time housewives. Therefore, this research would be difficult to generalize as full-time housewives may express different buying and consumption behaviors. Therefore, we suggest that future research be conducted with a broader base of consumers to provide a better understanding of pricing, as well as with a more dynamic pricing strategy to contribute richer explanations. Secondly, we also would like to acknowledge that although we suggest that a more dynamic pricing strategy encourages more ethical consumption behaviors reducing excessive consumption and compulsive buying than a less dynamic pricing strategy, we do not intend to express that a more dynamic pricing is the only solution for ethical consumption as there is a possibility that some consumers can buy bulk of foods that is close to expire if it is very cheap. Therefore, we suggest that the development of other pricing strategies encouraging ethical consumption is needed. Thirdly, although the informants express that they consider four factors when they visit food retail stores: quality(including freshness), ease of use, purchase size and reliability, this research mainly considers one factor, quality, out of the four factors. Therefore, future research which consider

other factors is encouraged.

Moreover, further research on pricing that focuses on everyday ethical consumers, rather than on optimizing producer-centric pricing conditions, would enable managers of food retailers to develop a more dynamic pricing strategy. This would offer a fresh understanding of pricing strategies for both academic researchers and retail managers.

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신선식품 가격전략에 대한 소비자태도에 관한 연구

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요약

신선식품(perishable food)의 가격관리는 식품 소매업자의 경영성과에 중요한 영향을 미치는 전략적 요인이다. 식품 소매업자들은 소비자들에게 매력적인 가격을 제시하여 소비자들을 끌어들이기로서 자사의 시장점유율을 높이려 노력하고 있다. 신선식품의 가격관리와 관련된 많은 선행연구들이 진행되었지만, 대부분은 수익을 극대화하는 동태적 가격모형 개발에 초점을 맞추고 있다. 또한, 신선식품의 동태적 가격모형들은 판매자 중심으로 연구되었고 가격모형에 대한 소비자들의 반응에 관한 논문은 거의 없다. 따라서, 본 연구는 표적집단면접법(focus group interview)을 통해 동태적 가격모형들이 소비자들의 구매행동과 감정상태에 어떤 영향을 미치는지 연구하였다. 분석결과, 유통기한에 임박하여 신선식품의 가격을 할인하는 현정책은 소비자들의 불필요한 소비를 부추김으로서 사회적 문제인 식품 폐기량에도 부정적인 영향을 미칠 수 있음을 보여준다. 대안으로 가격인하 시점을 앞당기고 유통기한이 임박할수록 순차적으로 가격을 인하하는 정책은, 소비자가 가격과 신선도를 절충할 수 있는 기회를 제공함으로써 자신의 소비계획에 맞추어 이성적인 소비를 할 수 있는 기회를 제공할 것으로 보인다.

주제어: 신선식품, 식품 가격, 식품 소매업, 소비자행동

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