

Facts for Business

Good Pricing Practices?

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Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer & Business Education
(202) FTC-HELP www.ftc.gov

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It's no secret that good pricing practices are good for business. They increase customer satisfaction, increase profits and go a long way toward assuring compliance with the law.

While satisfied customers generally mean repeat business, price errors that stem from haphazard or inefficient pricing practices can cost stores money. For one thing, the dollar amount of undercharges often exceeds the dollar amount of the overcharges. For another, it is against the law to charge more than the advertised shelf price. Stores that do may be subject to civil and criminal fines.

The Federal Trade Commission and the National Conference on Weights and Measures say it can be relatively easy to improve pricing practices — and in the process, boost customer satisfaction, your bottom line and compliance with the law. Here are their step-by-step suggestions:

- 1. Develop written procedures** for all forms of pricing activity in your store. Include ways to ensure that the price in the store's computer matches the posted or advertised price. Remember that your customer expects to receive the lowest price posted or advertised.
- 2. Develop training programs** for store employees that stress your commitment to accurate pricing.
- 3. Designate a pricing coordinator** for your store.
- 4. Give one employee responsibility** for the accuracy of prices of all Direct Sale Deliv-

ery items. Make sure DSD vendors check with the pricing coordinator before they do any pricing.

- 5. Check prices of a random sample** of items — 50 or so — every day to ensure that the price in the store's computer matches the posted or advertised price. Use the NCWM price verification procedure.
- 6. Make sure prices in every aisle, section or area of the store** are checked several times a year. This is the only way you will find all of the undercharges.
- 7. Have the inventory audit team conduct a pricing audit** while they're doing an inventory audit.
- 8. Use hand-held scanners** to speed price audits. Your wholesaler may be able to provide them.
- 9. Use a portable label printer during price audits** to immediately replace incorrect or missing shelf labels.
- 10. Offer your customers a reward if they are overcharged.** Giving one item free (up to a maximum dollar value) to any customer who correctly reports an overcharge builds customer loyalty and support.
- 11. Contact trade associations** for how-to manuals on pricing accuracy. Food Marketing Institute at www.fmi.org; 800 Connecticut Ave., NW., Washington, DC 20006; 202-452-8444. National Retail Federation at www.nrf.com; 325 Seventh St., NW., Washington, DC 20004; 202-783-7971.

12. *Contact your local weights and measures officials* for information about inspection procedures and pricing laws. For a copy of the price verification procedure adopted in 1995, contact: National Conference on Weights and Measures at www.nist.gov/owm; 15245 Shady Grove Road, Suite 130, Rockville, MD 20850; 301-258-9210.

13. *Encourage your trade association or wholesaler to set up an industry monitoring program.* Contact the Pennsylvania Food Merchants Association at scancert@aol.com; P.O. Box 870, Camp Hill, PA 17001-0870, 717-731-0600 for information about its scanning certification program. Or visit them at www.pfma.org.

For More Information

For a free copy of **Best Sellers**, a complete list of FTC publications, contact:
Consumer Response Center
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