

Price discrimination: A study of supermarkets' organic product price

Nowadays, Thai people pay more attention to their health, and Organic businesses get more responses from customers. With lifestyles now shifting, the demand for clean food is growing and conventional markets, modern trade outlets, and even the new online-retail option. In this paper, the author aims to observe the pricing behavior within different Thai supermarkets which are Tops Supermarket, Gourmet Market and Villa Market that sell organic products and discusses the factor of the 3 leading supermarkets in order to charge different price levels within same product brand.

Moreover, the methodology of the S-C-P framework is used as the method for clarifying the market analysis of organic businesses and the author had collected primary data by observing the price lists on regular and organic products for both fresh fruits, vegetables, and meat as well as some grains and superfood. The price data collection observation in supermarkets consists of 3 places; Tops, Gourmet Market, and Villa Market in order to compare whether the same brand product has the same price or not.

The result indicated that the structure of organic vegetables and fruits is characterized by monopolized competition using the S-C-P method. The entrance of the organic market is accessible, but sellers can improve the packaging to be different from other competitors and also compete in the aspect of differences in distribution channels, and the promotion strategy. Furthermore, the structure of the supermarket industry is considered to be an Oligopoly structure, and there is a high level of barriers to entry in this industry. By observing the price lists of organic brands, Three supermarkets serve customers from the middle to high levels of income. Thus, the level of price sensitivities from low to high is Villa Market, Gourmet Market, and Tops, respectively. Tops seem to have the lowest operating costs, resulting in the lowest price levels as there is the most significant number of stores with large stores that lead to economies of scale. However, although Villa Market has a higher number of branches compared to Gourmet, Villa Market bears the highest cost generated, such as land cost.

The questions in this paper are quite interesting, and the methods used are appropriate and well persuasive. So the reason I chose to comment on this article is that it is about healthy food, which I'm currently interested in. For a healthy person like me, by knowing the information for the differences price levels of the organic product in different supermarkets, this article will be beneficial to people who take care of their health and also helps to understand why prices are different in each supermarket. Although the amount of organic products is higher than general products, the price competition would not be an obstacle for them. The analysis shows that the level of target customers, product differentiation, costs, and

transportation costs that will affect the pricing behavior in each supermarket. On the other hand, the price level will be charged differently as each supermarket has different levels of market power in markup prices.

This paper used the market structure as the economic theory to analyze pricing behavior refers to firms' actions for the price setting competitive. The results are quite reliable and clear from the supply side perspective since the author clearly describes the market structure of both the organic market and the supermarket and try to use images to see the price of the product on that day. In my opinion, the points of interest that should be included in this article are online product purchases. Nowadays, customers can already buy organic products online, which is considered very convenient and can compare prices directly. In this article, each supermarket has different customer groups, and the costs of the products will be different with limitations on daily price fluctuations. Nevertheless, the author may keep the product price over a period of time in order to find the average price of the product because the author uses the price of the organic product on the same day, it may cause the results to be inaccurate.