

Revealing Price Patterns: A Analysis of Price Dynamics and Vendor Strategies in the Canadian Grocery Sector in 2024*

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November 21, 2024

In this paper, we collect old grocery data from the top Canadian grocery sector, clean it, and analyze the pricing strategies. Many items have remained the same price or become cheaper, showing that grocery vendors tend to use competitive pricing strategies. The research can help drive more competition and reduce collusion in the Canadian grocery sector.

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*Code and data are available at: https://github.com/KrystalJin1/Canadian_grocery_price_analysis.git

1 Introduction

The Canadian grocery market is highly competitive, with a variety of pricing strategies emerging, demonstrating the efforts of merchants to compete and avoid collusion. This study aims to shed light on these pricing strategies by analyzing old data from major Canadian grocery chains, focusing on how prices change over time and how different merchants position themselves in the market. Through this study, we hope to provide insights into the competitive dynamics of the retail market, thereby promoting more intense competition and reducing collusive behavior within the industry.

This paper explores the current and old price relationships of different merchants and finds that prices for many products remain the same or even decrease. These findings suggest that Canadian grocers often adopt competitive pricing strategies, either in response to market demand dynamics or to gain a larger market share. These pricing behaviors are critical to understanding the competitive environment and providing policymakers with directions for fair competition.

The significance of this study lies in its potential impact on economic research and practical policy-making. By analyzing pricing strategies and their effects in detail, this study provides valuable insights to enhance competitive practices and reduce anti-competitive behavior.

The remainder of this paper is structured as follows: Section 2 discusses the overview and variables of the data, including graphs and analysis. Section 3 explains the paper's findings. Section 4 consists of references to all data, software, and material. Finally, the Discussion section explores the implications of our findings, the study's limitations, and potential avenues for future research.

2 Data

2.1 Overview

We got the Canadian Grocery Price Data from Jacob Filipp (Filipp 2024). We used the R programming language (R Core Team 2023) to analyze the data and plot the graphs for this paper. We also used SQL (9075:2016(E) 2016) to clean the raw data and generate the analysis dataset. The folder structure for this paper follows the startup folder created by (Wickham et al. 2019a). It is very helpful in keeping everything organized. I also referenced many of the examples and techniques provided by Telling Stories with Data (Alexander 2023), which helped me understand how to visualize the data and communicate the findings effectively. In addition, the `tidyverse` (Wickham et al. 2019b) packages are essential for simplifying data cleaning and analysis. `styler` (Müller and Walther 2024) is used in arranging code style. These tools help to organize and present data efficiently. I also plotted the graphs with `ggplot2` (Wickham 2016) and read the CSV file with `here` (Müller 2020). We also use the `comma` function from the

`scales` (Wickham, Pedersen, and Seidel 2023) library to format the data, thereby avoiding scientific notation in our charts. We used the `knitr` (Xie 2014) to show the table.

All data aim to foster competition and reduce market collusion in the Canadian grocery sector by assembling a database of old grocery prices from prominent vendors. This dataset serves academic and legal purposes, enhancing transparency in grocery pricing strategies. The data encompasses prices from eight major grocery vendors in Canada, including Voila, TandT, Loblaws, and others. Below is the description of the variable we are taking to research:

- vendor: One of the 7 grocery vendors.
- current_price: Price at time of extract.
- old_price: An “old” struck-out price. This indicates that there was a Sale. This is how you can differentiate a price-drop advertised as a Sale vs. a “quiet” decrease without a Sale.
- units: Units (grams, kg, number of items in package). May be blank for some vendors/products.

The dataset allows us to analyze current prices compared to old prices by different vendors for items through visualizations. Each chart helps compare how different vendors price these products at various times. The initial data exploration reveals pricing patterns, with summary stats showing average prices, standard deviations, and price ranges. Comparing vendors or time periods can highlight specific trends or unusual pricing behaviors.

2.2 Measurement

The measurement process turns grocery pricing data into a structured dataset. This starts by collecting price data from various Canadian grocery sites using screen-scraping. Each price entry captures the “current price” at the time and the “old price,” showing the previous cost before any discounts. Prices are gathered for “in-store pickup” in Toronto through vendor website screen-scraping, focusing on customer-facing prices but possibly missing details in internal APIs. This approach allows us to track price changes over time and study market behaviors.

To keep the data accurate and relevant, we focus on items for in-store pickup in a specific Toronto area, ensuring a consistent location context. The “units” for each product, like grams or kilograms, are recorded to standardize price comparisons. This careful data process helps us deeply analyze pricing strategies across vendors, uncovering trends and any potential collusion in the market.

2.3 Graphs

Some of our data is of current price (Figure 1), from Filipp (2024).

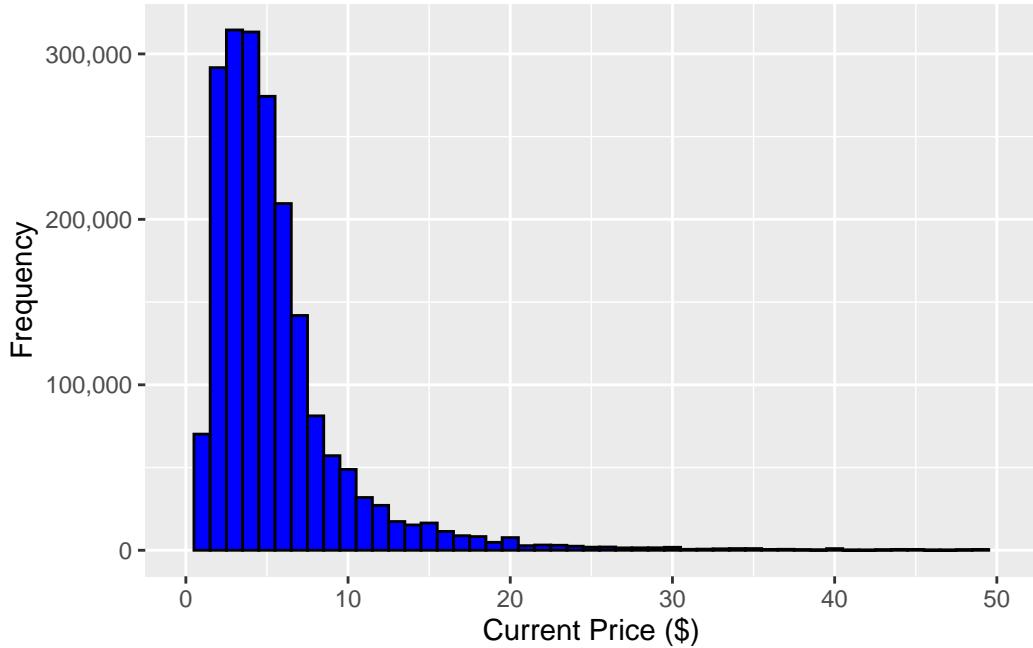


Figure 1: Distribution of Current Prices in Canadian Grocery Sector

Figure 1 shows the right-skewed distribution of current prices in the Canadian grocery sector. This graph allows us to see that most grocery items are priced under \$10, showing a significant decline in frequency as prices increase. This distribution shows a concentration of more affordable items, with fewer high-priced items, indicating a price-sensitive market where cheaper products dominate the sales volume.

Some of our data is of price (Figure 2), from Filipp (2024).

Figure 2 shows the comparative relationship between old and current average prices for various vendors in the Canadian grocery sector. The chart reveals that, for most vendors, the average old prices were generally higher than the current prices, indicating a trend of price reductions. Notably, vendors such as Galleria, Metro, and Walmart exhibit significant decreases in current prices compared to their historical averages. However, in the case of Loblaws, the current average price has increased compared to the old price, highlighting a divergent trend. This variation in pricing adjustments across vendors could suggest different competitive strategies or responses to market conditions within the sector.

Some of our data is of comparison of price (Figure 3), from Filipp (2024).

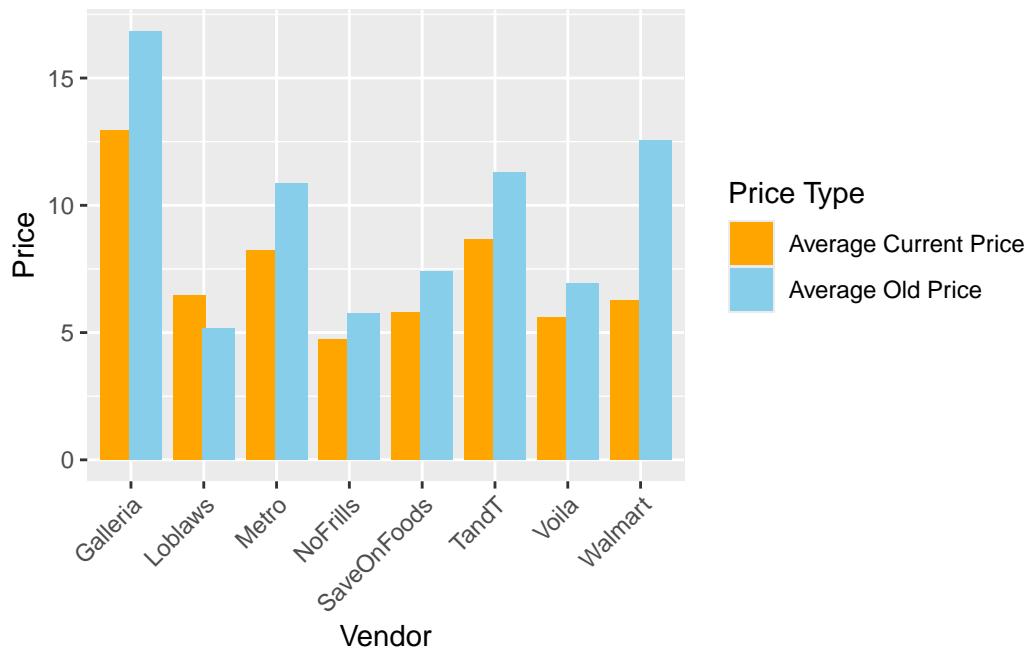


Figure 2: Comparison of Average Old and Current Prices by Vendor in the Canadian Grocery Sector

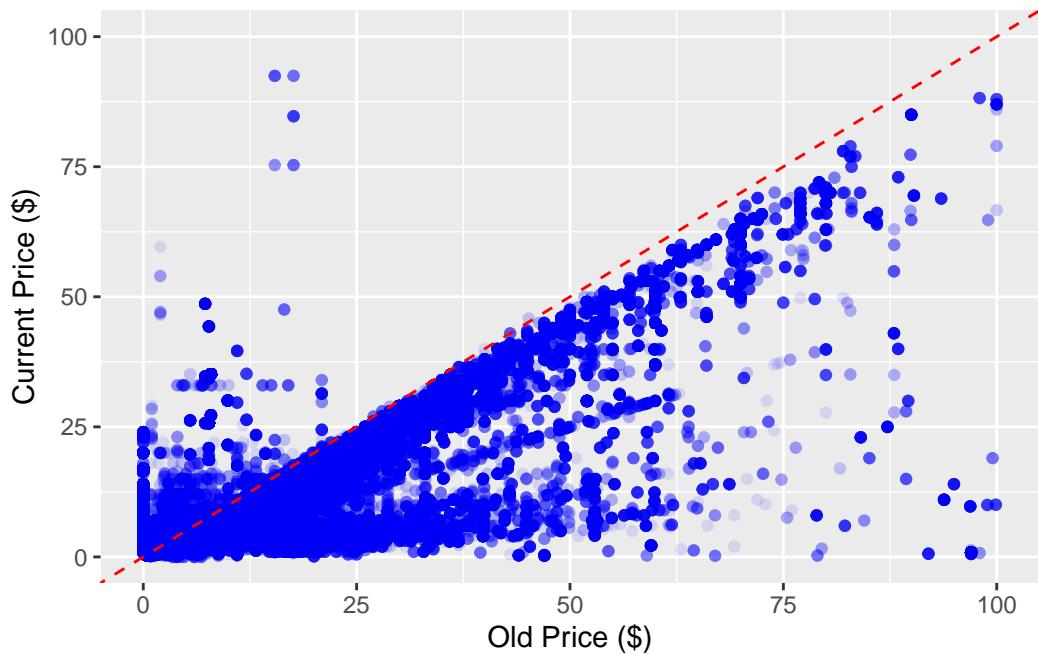


Figure 3: Comparison of Old and Current Prices in Canadian Grocery Sector

Figure 3 shows the relationship between old and current prices in Canadian dollars of grocery items in a scatter plot. The diagonal red dashed line indicates where the old and current prices are equal. Points below this line represent price drops, while points above indicate price increases. This graph reveals a significant cluster of points along and below the line, suggesting that many items have remained the same price or become cheaper. This could indicate competitive pricing tactics or responses to market demand dynamics.

3 Results

Table 1: Summary Statistics for Current Prices in the Canadian Grocery Sector

Mean	Median	SD	Min	Max
6.76	4.79	9.96	0	479.99

Table 1 for current prices in the Canadian grocery sector show a varied and competitive market. The mean and median prices give an idea of typical costs, suggesting a focus on affordability. The standard deviation shows a wide range of prices, from low to high, meaning there are options for different budgets. The minimum and maximum prices capture the full range, from budget-friendly to premium choices, highlighting the market's ability to cater to diverse needs. Together, these stats show an active market where vendors use different pricing tactics to appeal to a wide consumer base.

Table 2: Summary Statistics for vendor Prices in the Canadian Grocery Sector

vendor	Mean	Median	SD	Min	Max
Galleria	2.24	1.94	0.89	0.68	4.21
Loblaws	1.84	1.79	0.52	0.15	4.63
Metro	1.82	1.76	0.72	0.03	4.59
NoFrills	1.61	1.59	0.50	0.14	4.26
SaveOnFoods	1.77	1.70	0.52	0.34	4.62
TandT	1.93	1.79	0.72	0.41	4.85
Voila	1.77	1.79	0.46	0.00	4.36
Walmart	1.78	1.75	0.57	0.10	6.18

Table 2 for log-transformed current prices by vendor highlights the different pricing approaches in the Canadian grocery market. The mean and median on the logarithmic scale show where each vendor positions itself in terms of pricing. The standard deviation reveals the variety in each vendor's pricing, from budget to premium products. The minimum and maximum values reflect the lowest and highest prices offered, showcasing the full range of options available. These stats emphasize the competitive nature of the market, showing how vendors use pricing to stand out and attract various consumer groups.

4 Discussion

This paper examines pricing behaviors in the Canadian grocery market by comparing current and past prices across different vendors. Using visual and statistical tools, it identifies patterns and strategies in how retailers set their prices. The findings show a highly competitive

market, with vendors aggressively pricing products to attract consumers. The focus on lower-priced items suggests a strategic response to consumer demand for affordability in everyday purchases.

Differences in pricing strategies among vendors highlight varying approaches to market segmentation. Some vendors offer a wide range of prices to appeal to diverse consumer groups, while others focus on narrower price ranges, targeting specific market segments.

A key limitation of this study is the reliance on screen scraping for data collection, which might miss some pricing details or short-term promotions, potentially affecting the accuracy of the analysis.

Future studies could improve the findings by using direct API access for real-time pricing data and collecting data from a wider geographic area. Further research could also examine how external economic factors influence pricing strategies, offering deeper insights into market dynamics and consumer behavior.

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