

Comparative analysis of price policy of Coopmart and Big C in Vietnam retail industry

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Abstract

In developing countries with low average per capita income like Vietnam, price policy is one of the important marketing tools to attract customers and satisfy consumers. Coopmart and BigC are two of the main groups that successfully and successfully apply this business strategy to serve a large number of Vietnamese consumers. This article analyses the pricing policies of these two groups and identifies the differences between them as the basis for other FMCG corporations to turn to this low-price competition strategy to increase market share and boost sales volume, and this is also the basis for foreign corporations to enter the Vietnamese market for planning their business strategies in this market.

Keywords: price policy, retail industry, Coopmart, BigC, Vietnam

1. Introduction

Today, price competition is shifting to compete for product quality, delivery time. However, price competition is still fierce. In the field of capital construction, fierce bidding competition takes place, showing the competition, economic benefits and monopoly position of enterprises in the market. The pricing policy for each product of the business units is to set a selling price, or it can be a sale price for a specific object. Price policy is one of the parts of the marketing strategy and it plays an important role in linking among other marketing instruments. At the same time, it plays an influential role in promoting or restraining the effects of corporate marketing policies (Tien, 2012; Tien, 2012a; Tien, 2013; Tien, 2015).

If the enterprise sets a reasonable price policy or the selling price is consistent with the value of the product, the goods will be accepted by consumers. If the business offers an unreasonable price policy or the selling price is too high or too low for the value of the product, consumers will not buy it. This means that price policy can have a positive or negative impact on the implementation of the overall strategic goals as well as the marketing strategy goals of the business. Furthermore, price is important position of production and business activities of enterprises, it is an important factor in the decision process of manufacturing and supplying products to the market or whether to replace the old with new products or not? Price determines how much the business will bid for to dominate the market. Price is the decisive factor to the volume of products it sells out. Therefore, the topic "Comparative analysis between CoopMart pricing policies and Big C" will help us learn more about pricing policy of some of Vietnamese retail brands in general and CoopMart, Big C in particular.

2. Theoretical framework

2.1. Price

Prices are expressed in the currencies of commodity value; it is the amount payable for the goods. On the broad sense it is the right amount to pay for a commodity, a service, or a particular asset. Prices of goods generally revolve around the quantity change value. When supply and demand of a commodity or an essentially fit together, the prices reflect and conform to the value of such goods, such cases rarely occur. Prices of goods will be higher than the value of the goods if the supply lower than demand. Conversely, if oversupply then prices will lower the value of the goods (Tien et al, 2019; Tien et al, 2019a; Tien & Anh, 2017; Tien, 2019; Tien, 2017).

2.2. Price policy

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3. Research results and discussion

3.1. Policy price analysis of Coopmart

Coopmart is a retail supermarket system of Vietnam under Ho Chi Minh City Union of Trade Cooperatives (Saigon Co.op). Coopmart is currently the business with the most operating supermarkets in Vietnam, with more than 110 supermarkets and hypermarkets (including CoopXtra and CoopXtraplus) nationwide. In addition, in Ho Chi Minh

City, Hanoi City, Can Tho City and many other provinces and cities, there are about 360 CoopFood convenience stores. In Ho Chi Minh City, there are also modern CoopSmile grocery stores, 24-hour convenience store Cheers ready to serve customers from Vietnamese products, private labels and imported products from Singapore, Thailand and South Korea with many shops in the central districts of Ho Chi Minh City to cater to customers wishing to shop or eat at night [2,4].

Coopmart supermarket prices are set by the Union, so the prices of products are the same in every supermarket, so customers can buy at any supermarket in the system without worry about the price difference. For the goods purchased locally, the price is set by the Union, and for the fresh goods (vegetables), the supermarket is entitled to price depending on the quality of the product.

With the overall goal is to make everything affordable, Coopmart always considers very carefully to fit the needs of customers. Besides, in compliance with State regulations, the set price must be equal to or lower than the market price. In general, the pricing at Coopmart is not necessarily carried out the same way, but it depends on the type of product. Coopmart has launched its own brand name with products such as Jasmine rice, Napkin paper towels, dishwashing liquid, frozen foods (spring rolls, fish balls), clothes with the price 3-20% lower than the market price. With a competitive price policy along with quality assurance, there are often seasonal direct promotions (such as Opening Season, Mid-Autumn Festival, October 20, Noel) so these products favoured by a large number of consumers, contributing to improving the Coopmart name in the hearts of customers.

Advantages of Coopmart pricing policy

For a long time, Coopmart often has advantages over foreign competitors in the ability to understand the habits of Vietnamese consumers. With the financial potential and available system administration experience, foreign investors such as Central Group are aiming to acquire Vietnamese brands to quickly form large chains. With the advantage of cheap compared to the same products, the brand name products are gradually becoming familiar to consumers. Coopmart also strongly developed its own brands, focusing on household goods such as housewares, towels, paper, essential goods, food and fresh vegetables. Thanks to the cooperation of the supermarket with businesses such as Kinh Do Company, Lix Detergent Company, Saigon Paper, Phong Phu Textile, San Miguel Company, many products are promoted and reduced in price. With private label products, consumers have many opportunities to choose high quality products of Vietnam produces cheaper prices.

Disadvantages of Coopmart pricing policy

Coop Mart is proactive at low prices by reducing interest rates and using the soft power of the major distributors to negotiate prices with suppliers. For example, when milk prices are about to rise, Coop Mart does not wait for the intervention of the authorities, but organizes a negotiation. If dairy companies pledge not to raise prices, Coopmart will give priority to milk manufacturers with large display space, nice location.

3.2. Analysis of price policy of Big C

BigC opened the first hypermarket in Vietnam in 1998, in Dong Nai province. Since then, BigC always kept commitment to bring Vietnamese consumers high quality products at the best prices. In April 2016, Big C Vietnam joined Central Group Thailand, one of the leading retailers in South Asia. To date, it possesses 35 hypermarkets / Big C supermarkets, 31 shopping malls across Vietnam, with a staff of more than 8000 people. With more than 18 years of presence in Vietnam market, Big C has made important contributions to the development of the retail market in particular and the socio-economic development of the country in general. We always monitor our business performance as well as other activities to bring sustainable benefits to the local community. Therefore, Big C has implemented a series of programs to benefit Vietnam, including [3, 15]:

- Actively participate and interact with local communities where supermarkets operate across the country.
- Actively participate in business enhancement activities including promotion months, mobile sales programs in remote areas, quickly respond to government's price stabilization policies, support the development of Vietnamese products and participate in a series of activities to develop the retail system in Vietnam.
- Actively implement social and community activities to help the local people.
- Efforts to rise to the leading position in protecting the environment in shops and offices, building a sustainable living environment.

Skimming price strategy

BigC charges high prices for products in market segments where customers easily accept the price. When consumption decreases, BigC reduces prices to attract more customers in the lower market segment. For example, Big C is famous for "Bakery by Big C" bread and for grilled chicken. The price of a packed chicken is 2.5 USD. That is the price for the product being made right away, the consumption at that time is often very high, when we go to Big c to buy grilled chicken If you do not hurry, you will not be able to buy it. When the consumption decreases, especially at the end of the day, the price of a box of grilled chicken will be reduced by 2 USD.

"Grip the market" price strategy

Customers always consider BigC as a trusted friend in inflation, because BigC products are always at a fixed price, if inflation rises, BigC will try to adjust prices so that buyers do not feel too sock with price increases. Underestimate the goods to grip the market, gain a large market share. As a locality with a long cultural tradition, Hanoians stick to the traditional distribution method, it is going to the market when shopping. However, modern delivery methods such as supermarkets and trade centers are also increasingly chosen by more consumers. The number of people going shopping at shopping centers, supermarkets also increased from 2005-2007, an average of about 5.2%. In particular, Hanoi is the locality that people regularly goes to the supermarket once a week, the second after Ho Chi Minh City and this number tends to increase. A study by Nielsen also shows that, In Vietnam, the number of people occasionally shopping at supermarkets has increased by 40% from 66% in 2007 to 96% in 2008. The number of people using the supermarket channel as main shopping channel which has increased from 11% (in 2007).

Discount price strategy

Discount when buying in bulk, when buying items at BigC with a high total product value of 50 USD or more, customers will receive a gift card of flowers. After that, customers will be given priority and discount for their products. BigC also provides customers with a card when shopping that is BigC Preferential Card. Customers will receive a discount on some items in the supermarket with this card. For example, when customer buys "Bakery" bread at BigC supermarket, which costs 0.33 USD you will get a discount of 0.11 USD if he or she has a Preferential Card.

Promotion price strategy

For new products launched on store shelves, Big-C usually low prices for customers to buy new products. Grasping the psychology of discounted promotion of Hanoi Big C people also always have many sale discounts to attract customers to the supermarket. For example, the Summer Solution April 6 to April 17, 2011 promotions offer discounts up to 45% on over 500 items. Big C discount on many occasions of the year such as International Women's Day, Vietnamese Teachers' Day, Christmas, National Day, or Big C's birthday, participating in the promotion month, etc. This supermarket event On January 23, 2011 Big C Thang Long carried out a 50% discount program for 200 items compared to the regular day price, creating a shopping effect above expectations. After a day of stimulating shopping, the sales of the supermarket increased by 40% compared to the previous days, customers increased by more than 70%. Through the big discount campaigns BigC, on the one hand, attracts many customers to the supermarket, on the other hand is also one of the best advertising methods of the supermarket. There are many customers from many provinces and cities across the country gathered at BigC supermarket to shop for cheaper prices. According to Nielsen research on consumer behavior in Hanoi and Ho Chi Minh City in 2009, Hanoians respond well to promotional campaigns, especially on prices. In addition, they also like to be included with the product. Big C often has promotions with products such as buying 2 packages of Ajingon powder, getting a glass bowl, or buying a lot of Nam Ngu fish sauce, giving a bottle of Trung Thanh chili sauce, etc. often make consumers buy more and also make them feel that they get more than they buy in traditional markets. Traditional markets almost never receive any promotions or giveaways. This also made them change from the habit of going to market to going to the supermarket. Installment pricing: At electronics stores, BigC often has policies to support shoppers with installment payment, buyers can choose to buy and not necessarily pay immediately. BigC offers an opportunity for the buyer to pay by instalments for items such as laptop computers, televisions, refrigerators with 0 interest rate and discount up to 5-10%.

Price change strategy

BigC proactively cuts prices due to excess production capacity and market share decline. For example, pastries that are baked in BigC's bread racks at the end of the day without being sold out and are often subject to that policies. BigC consumption goods at the end of the day are not of low-quality but sold at discount prices to win market share. When inflation increases, the marketing managers also take

the initiative to set price higher for scarce items, coping with the possibility that demand is greater than supply.

Advantages of BigC pricing policy

BigC with the slogan "Cheap for all" often choose to set prices lower than competitors' prices. Big C always tries to make supermarket prices 5% to 10% cheaper than other supermarkets and 10% to 15% cheaper on the market. Big C also made four price commitments:

- Big C commits that Big C's selling price is always cheaper or equal to the manufacturer's price printed on the product packaging. If Big C's selling price is higher than the Producer's price printed on the product packaging, Big C will apply the Manufacturer price printed on the product packaging, and at the same time offer a voucher worth VND 10,000 for each product with selling price omissions (Regardless of the number of products that customers buy)
- Big C is committed to unit pricing on each price label for easy comparison and selection.
- Big C designed a yellow promotional price tag to make it easy for customers to recognize the items that are being promoted at Big C. These price stamps also announce the end date of the promotion.
- Big C offers Wow brand at 10% to 70% cheaper than other domestic brands.

Choosing cheap prices as a slogan for supermarkets is a fairly familiar approach for supermarkets. In the past, the world's leading retailer Wal-Mart also adopted this approach and has achieved success in the many countries they travel through and with its strength and potential, Wal-Mart has also defeated many big rivals. Taking cheap prices as a slogan and commitment of Big C prices makes consumers not looking for better prices in other supermarkets.

Disadvantages of Big C pricing policy

However, Big C also has a weakness that it has not diversified in its pricing strategy, the pricing method still depends on competitors. Currently, Big C does not provide cards for regular customers, does not have preferential policies for customers attached to the supermarket nor has collected information about customers and their systematic purchases at the supermarket.

3.3. Compare prices policy of Co.opmart and Big C**Positioning and market segmentation**

BigC's position is the cheapest product in the retail market and the market segment they target is the market of customers with low or above average income. Big C introduces consumers across the country with modern, cool and comfortable shopping spaces with a wide range of products, rich quality, quality control and reasonable prices, accompanied by great services. Customer service is effective. In addition, all Big C stores nationwide provide shopping experiences with many convenient services for Coop Mart's locating customers to become close friends of consumers, and the market segment they target is mainly married customers. Coopmart have the common characteristics of being friendly, close to customers, giving convenience and many added services. With the motto "Quality goods, affordable prices, considerate service", Coopmart has been increasingly chosen by customers to shop and relax with their families every day. Fresh and fresh food, diverse technology food, rich appliances with many new designs, fashionable, quality, affordable garments, along with rich, convenient and customer service

friendliness of Coopmart employees is the reason that Coopart becomes a reliable shopping place, friend of every home.

Commodity products

BigC is positioned as a low-cost product, so they constantly offer promotions, products with low prices, suitable for the pockets of many people. In addition, BigC also cooperates with major manufacturers to reduce product costs to the maximum level for consumers, to have price stabilization policies in times of crisis, creating conditions for convenient for the purchase of customers. Coopmart is targeting mostly married customers and young customers, busy with work. Therefore, in addition to the traditional products of a supermarket, Coopmart also expanded the cafeteria system right at its supermarket, as well as providing ready-made or processed dishes, bringing comfortable choices for housewives as well as customers who do not have much time. In addition, Coopmart has very strict requirements on the quality of the supply of products for supermarkets, they have once stated: "All products on supermarket shelves must meet Vietnamese high quality standards".

Product pricing game

Big C's positioning is the cheapest product on the retail market. Big C now seems to be in favor of promotion but it is also a supplier race, the strategic nature of Big C is EDLP (Every day low price). The EDLP pricing strategy will always maintain low prices for most products, rarely offering discounted promotions. Retailers who follow the EDLP strategy must focus on building customers' trust in their low-cost motto.

In general, Co.opmart's strategy is not only relying on cheap prices. The customers they are targeting are those who do not have much time, they seek convenience and timely response to a wide range of products. Therefore, they are willing to pay for this rather than wanting the lowest price.

Marketing advertising game

Regular large-scale sales promotions are used by BigC to promote the big brands. For example, BigC regularly organizes the programs "New product month at Big C", "Good weekend prices" or organizes mass promotions to attract consumers. Big C also has a strategy to advertise promotions in the newspaper, broadcast the catalogues of goods down to consumers' homes. Big C with the strategy "Affordable price for every family" should apply low-cost and strong strategy to competitive price.

With the quality policy "a reliable shopping place, friend of every home" Coopmart is rich in quality goods, affordable prices, considerate service and always bringing added values for more customers. Coopmart always prioritizes products selected by manufacturers that meet European quality standards or at least reach Vietnamese quality management system. As the home of all employees, all Coopmart activities are always community-oriented.

Current price strategy

Co.opmart's pricing strategy is to set average price to meet consumer demand for customers. Designing mass discount promotion programs for all holidays, big and small in the year to encourage consumption and increase sales to compete on price with Big C but not because of price, product quality is reduced. Co.opmart has also produced

more than 200 private label products, but still has a higher price than Big C.

Big C's pricing strategy is to introduce exclusive trademark "WOW! Attractive price" with the same quality as domestic brands but is 10-70% cheaper. Big C has really affirmed to Vietnamese consumers. Big C is positioned as a cheap product, so they set the criteria "Refund if they can buy cheaper" and constantly offer promotions, products with cheap prices, suitable for pockets of many people. Besides, Big C also cooperates with large manufacturers to reduce production costs to the maximum level for consumers, to have price stabilization policies in the current crisis, to create favorable conditions and convenience for consumers in purchase products and services.

4. Conclusions and Recommendation

Price strategy is not decisive but whether it is immediate or long-term, present or future it always plays an important role in the overall development of the company. A proper pricing strategy is a necessary condition to ensure hh, sp of the company come to those who bring revenue and profits for their own. Through analysis, evaluation of price strategy shows the influence of many factors on price issues in general as well as strategic decisions of CoopMart and BigC. The success of these two supermarkets is marked by choosing and applying a price strategy that is consistent with the industry's characteristics, but still making a certain difference with each other's rivals. Coopmart and Big C both take advantage of all possibilities to link with farms, manufacturers, businesses to increase the presence of more Vietnamese products. Business innovation and innovation are the key factors to attract customers that are also fully exploited by these two brands [1, 2, 3, 4, 15].

Recommendation for Big C

Big C products are always at a fixed price, if inflation rises, Big C always tries to adjust its prices so that buyers do not feel too shocked with the price increase. Underestimate the prices of goods to grip the market, gaining a large market share. In the general difficult situation of the economy, Big C supermarket has a flexible business strategy, in accordance with market movements and shopping habits of consumers. It can be said that the customer service provided by Big C supermarket has achieved a lot of achievements and proved to be superior to other domestic supermarkets in the city. With the "cheap for everyone" strategy, the supermarket has captured a large number of customers and strengthened its position in the retail market. By ensuring business efficiency, actively participating in stabilizing market prices, always paralleling and protecting customers' interests, overcoming challenges and challenges, Big C supermarket has steadily developed, ensuring strong growth and continued to receive increasing trust from consumers.

Recommendation for Coopmart

Although the market is witnessing the emergence of many large retail groups from abroad, the competition in the current supermarket channel is still a confrontation between Coopmart and Big C. If Big C chooses "Cheap prices" for every home, Coopmart is "A Friend of Every Home". Not considering cheap goods as a competitive way to increase market share in the retail market, but Coopmart also cooperates with manufacturers to "reduce costs, create

reasonable prices and the best prices". Coopmart has been cooperating with hundreds of manufacturers and suppliers to rotate the "Good price every day" program, focusing on fresh food and necessities to practically support customers. Brand experts believe that Coopmart understands the consumer psychology of Vietnam and BigC is also very knowledgeable about Vietnamese retail market as well as shopping habits and customer tastes, so it should be captured and welcomed and effectively serve that need.

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