

CATEGORY MANAGEMENT: AN ILLUSTRATION

LAY'S CLASSIC POTATO CHIPS, 8OZ. SIZE, ARE REDUCED FROM \$2.39 TO \$1.59 FOR ONE WEEK

DURING ONE WEEK, SALES ACROSS RALPHS STORES OF THIS ITEM INCREASE FROM 2,000,000 TO 6,500,00 UNITS

600,000 UNITS ARE BOUGHT INSTEAD OF SUBSTITUTABLE PRODUCTS SUCH AS POPCORN AND PRETZELS

700,000 UNITS ARE BOUGHT INSTEAD OF OTHER BRANDS OF POTATO CHIPS

650,000 UNITS ARE BOUGHT INSTEAD OF OTHER FLAVORS AND PACKAGE SIZES OF LAY'S POTATO CHIPS

500,000 UNITS ARE BOUGHT AHEAD OF TIME AND COME AT THE EXPENSE OF WHAT THE CUSTOMERS WOULD HAVE BOUGHT LATER (PURCHASE ACCELERATION)

2,500,000 UNITS GO TO PEOPLE WHO PIG OUT AND EAT MORE POTATO CHIPS THAN THEY NORMALLY DO

DISPLACED SALES
(MANY OF WHICH WOULD HAVE BEEN MADE AT FULL PRICE)

INCREMENTAL SALES