

# UCWG Workshop

## Retailing Platform Hypothetical

---

- **UltraMart** owns and operates the only “big box” grocery stores on the island of Competopia.
- Two chains of small grocery stores operate on Competopia: **MicroMart** and **NanoMart**.
- A **Market Intelligence Report** (included in this package) contains useful descriptive information.
- **UltraMart** accounts for 60% of total grocery sales on Competopia, but its share on individual products varies between 20% and 100%.
- **MicroMart** and **NanoMart** have complained to the Competopian Competition Commission that **UltraMart** is abusing a dominant market position through vertical restraints (moderators will provide additional information on the complaints).
  
- Preliminary discussion questions on dominance:
  1. Of what significance is **UltraMart**’s 60% over-all market share?
  2. Of what significance is **UltraMart**’s 100% market share for some products?
  
- A **Consumer Survey** (included in this package) commissioned by **NanoMart** reveals that:
  1. 30% of Competopians shop only at **UltraMart**.
  2. 20% of Competopians shop only at **MicroMart** or **NanoMart**.
  3. 50% of Competopians regularly shop at **UltraMart** and at **MicroMart** or **NanoMart**.
  4. Customers cite low prices and wide selection as the main reason for shopping at **UltraMart**.
  5. Customers cite convenience as the main reason for shopping at **MicroMart** or **NanoMart**.
  
- Further questions on dominance:
  1. Of what significance is the fact that some Competopians always shop at **UltraMart**?
  2. In which grocery products is **UltraMart** dominant in retailing?
  3. Do you proceed to examine whether **UltraMart** is abusing a dominant position?



# Market Intelligence: Grocery Stores on Competopia

## Basic Descriptive Statistics

	UltraMart	MicroMart	<i>NanoMart</i>
Number of Stores	2	12	15
Average Store Size (sq m)	4000	120	90
Daily Sales per Store (C\$)	67500	3750	3000
Parking Spaces per Store	200	10	5

## Allocation of Floor Space (Pct), Number of Items Carried (×100)

	UltraMart	MicroMart	<i>NanoMart</i>
Unprepared fresh food	10, 15	20, 5	25, 8
Prepared fresh food	5, 5	5, 1	10, 2
Ready-to-eat packaged food	25, 50	50, 14	40, 10
Non-ready-to-eat prepared food	20, 120	15, 10	15, 10
Non-food items	40, 210	10, 10	10, 10

# Grocery Shopping Patterns on Competopia

Prepared especially for NanoMart by the  
**Society of Survey Specialists**



On Wednesday 18 May and Saturday 21 May, 2016, **SSS** representatives interviewed 1038 Competopian shoppers at grocery stores. The tables report the raw data. The principal insights of **SSS** expert analysis are these:

Half of Competopians strongly prefer one type of store: 30% shop only at big box chain UltraMart; 20% shop only at the small stores in the MicroMart and *NanoMart* chains.

Few Competopians have a strong preference between the small-store chains: 1% shop only at MicroMart, and 1% shop only at *NanoMart*.

Competopians shop at the big box stores for mainly for variety but also for low prices, and they are willing to travel significant distances. Competopians shop at small stores strictly for convenience.

Competopians buy a more diverse array of items at big box stores, more non-food items, and more prepared foods that are not ready to eat (e.g., foods that require heating).

Table 1

**Respondents Answering Yes, By Chain, To Survey Question**

	UltraMart	MicroMart	<i>NanoMart</i>
I only shop at this chain	311	11	10
I never shop at UltraMart	0	105	103
I shop at all three chains	188	131	127
Total respondents	509	267	262

Table 2  
**Respondents Answering Yes, By Chain, To Survey Question**

	UltraMart	MicroMart	<i>NanoMart</i>
I shop here for greater variety	413	0	0
I shop here for lower price	153	31	29
I shop here for convenience	0	239	236
Total respondents	509	267	262

Table 3  
**Distance Traveled to Shop, By Chain**

	UltraMart	MicroMart	<i>NanoMart</i>
Less than 1 kilometer	30	80	79
Between 1 and 2 kilometers	126	133	130
Between 2 and 10 kilometers	152	54	53
More than 10 kilometers	201	0	0
Total respondents	509	267	262

Table 4  
**Respondents Purchasing Given Product Types, By Chain**

	UltraMart	MicroMart	<i>NanoMart</i>
Unprepared fresh food	458	240	236
Prepared fresh food	102	27	26
Ready-to-eat packaged food	407	187	70
Non-ready-to-eat prepared food	356	26	27
Non-food items	406	53	52
Total respondents	509	267	262