

# PSYCHOLOGICAL PRICING IN MODERN RETAILING: THE CASE OF WINE SECTOR IN HARD-DISCOUNTER CHAINS OF RUSSIA

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Received: March 31, 2014

Accepted: July 22, 2014

Online Published: September 26, 2014

## ***Abstract***

*The main goal of this paper is to show if it is possible to find a modern retail chain in one of the world largest economies that uses exclusively psychological pricing, as a dominant competitive advantage, in order to predominantly direct consumer behavior. Pricing, as a source of competitive advantage is the least explained in marketing literature, therefore it is important to contribute and show how psychological pricing is a source of competitive advantage. It could be an evidence to support the firm belief which exists among many retailers that greater than expected demand occurs at psychological price points. We shall analyze different retail chains belonging to so call hard-discounters in Russian Federation using method of observation and choose one sector in order to check the hypothesis. Hard-discounters are chosen since they use pricing strategies as the most important element of marketing program, much more important than products, promotion or sales channels, while Russia has been chosen as the largest growing wine market in the world.*

**Keywords:** retail, price, strategy, discounter, positioning.

## **1. Introduction**

This paper shall focus on price tactic in wine sector of selected country-Russian Federation (Russia). Russia is the choice because this country has the largest growth of wine consumption, according to world wine organization OIV and BK Magazine, since it had growth of 121% over the period 2000-2012, compared to the growth in China of 67%, Canada of 62%, Australia of 38%, and USA of 37%. Price is a way of communication, which directs consumer behavior (Schindler, 1989), and it is the sole quantitative element of marketing mix since it is the only one that makes revenue. Psychological pricing is a concept where prices are set to odd-number prices to prevent bargains, or even number prices to imply quality (Lamb et al. 2012).

Research performed by Holdershaw (1997) has shown that retailers have bias in favor of psychological prices, and therefore this strategy needs to be examined more carefully. Having in mind that psychological pricing is based on communication and rationality, this is an extra element to confirm communicational characteristics of prices in general. This is especially important to understand for wine marketing, since wine quality is, according to Oczkowski

(2001) generally recognized to depend on subjective evaluations and cannot be precisely measured. The hypothesis of the paper is to show that it is possible to find modern retail chain, hard-discounter, which completely focuses on psychological pricing as a main price tactic and positioning method in order to direct consumer behavior. Therefore, the goal is to check hypothesis if there is only one retail chain of such type which has a sole price tactics of psychological pricing in the wine sector. That is important in order to identify the key element of competitive advantage of the chain, which uses psychological pricings. This can be an evidence to support the firm belief that exists among many retailers that demand increases at psychological price points (Holdershaw et al. 1997).

Hinterhuber&Liozu (2014) have published the research were they found, after interviews with 50 executives worldwide, that pricing is important source of competitive advantage, and also the least explored source. Psychological pricings can bring many advantages to retail chains, such as increasing sales (Holdershaw 1995), attracting potential business deals, growing profits and customer base by increasing their loyalty, since the essence of psychological pricing is to set “fair” prices. According to Perner (2013) the prices are essential for marketing programs of hard-discounter retail chains, because of the intense competition among retailers, and increasing pressure to focus on volumes of sales more than margins on each sale. Furthermore, the most recent research of McKinsey (2013) has shown that the most efficient retail businesses are those focused at price strategies in discounted stores. Perception of consumers plays the key ingredient of psychological pricings because customers are guided by belief that they receive best value for their money. On the other hand, retailers very often, according to research of Levy et al. (2004) were unaware of how their pricing strategy influences their overall image, since optimal pricing is not a static problem.

It is important to make overview of different retail chains in Russia, and to focus on hard-discounters, since they predominantly have been using prices, as the most important element of their marketing mix, in order to attract final consumers. All other retail chains, besides prices, focus as well on their higher service, more educated staff, brand values, merchandising, etc., and do not attract consumers solely on prices, which is, on the opposite, strategy of hard-discounter chains in Russia, such as Pyaterochka, as part of X5 system, Magnit, Dixy and Monетка. Since most of those retail chains at certain extent use psychological pricings, it is challenge to find one chain that solely uses this price tactic. If we are able to justify such goal, that should be defined as an important competitive factor of selected retail chain at the market of Russia.

In order to justify our goal, we shall use field method of retail observation and establish price reports in all analyzed retail chains. Our field method shall be utilized in Moscow, due to the fact that predominant part of wine trade has been achieved in the capital of the Russian Federation. Since psychological pricing has been analyzed at most of marketing and international business literature, we shall link this knowledge with modern consumer behavior at one of the most interesting and growing market, such is the wine market of Russian Federation.

## **2. Literature Review**

From the early days, when William Applebaum in *Journal of Marketing*, published in 1950, wrote article *Studying Customer Behavior in Retail Stores*, customer and consumer behavior were in focus of marketing science. There were many articles covering topics of how wine consumers have been influenced by various factors at retail outlet. Lockhin and Hall (2003) have developed concept on wine involvement and its influence on behavior at a store in a process of wine purchasing. Hollebeek et al. (2007) explained purchase intention as a function

of price, price discount and region. According to them, wine region has been much more important as a decision factor for high involvement consumers.

Ritchie et al. (2010) were examining price as an important factor in wine purchasing. They used method of focus groups in supermarkets of United Kingdom in order to understand the ability for wineries to attract consumers. Their interest was the low involvement, supermarket shopper, who ordinarily purchases wine like any other grocery item. The authors have found that the way supermarkets communicated wine and their focus on price discounts have caused to have prices as central part of retailer's marketing program. Barber (2012) has analyzed connection between environmentally safe wines and the attitude towards wine purchasing. His article has proven that only small portion of wine population is willing to make decision towards purchase of those wines. On the other hand, literature covering topic of psychological pricings is very broad. In the international marketing management literature, authors like Lamb et al. (2012) have explained psychological pricing among other pricings tactics like discounts (quantity, cumulative and noncumulative, cash, functional, seasonal, promotional), value based, single price, price lining, leader pricing, price bundling and unbundling. Rakita (2005) argues that psychological pricings is very often used in trade of high developed countries.

According to Lee and Carter (2012) consumer nowadays expect high quality at low prices. They also carry so called reference price that is their standard of price, or the price they believe to be fair. Psychological pricings were also called in literature as odd prices, magic prices, charm prices, irrational prices, intuitive prices or rule-of-thumb prices according to Dalrymple & Thompson (1969), Sturdivant (1970); Boyd & Massy (1972); Gabor (1977); Monroe (1990); and Rogers (1990). At the same time, as per Schindler & Wiman (1989) the use of odd pricing can be traced back over 100 years and from that period the use of psychological pricing in retailing has become widespread in many countries, including Russia. The reason behind consumer perception of psychological or odd prices has been explained by Brenner & Brenner (1982) due to the fact that people have only a limited capacity for storing information. They believe that because consumers are exposed to a continuous flow of information on prices, they store only the more valuable message, the first digits of a number. Also, research of Gendall et al. (1997) and Gendall (1998) has proven that psychological (odd) pricing generates greater than expected demand at retail stores. Beside importance of psychological pricing for consumer behavior in retail, there is an evidence of its value even in analysis of mergers and acquisitions (Agarwal&Zeepongsekul, 2011).

Research provided in this article has focus on psychological pricing in Russia, and will highly relay on all previously mentioned literature.

### **3. Factors of Wine Consumer Behavior**

At the very beginning of this part, we need to distinguish difference between the terms customer and consumer. Thought most of researchers tend to explain consumer behavior, many of them do not make different explanation between consumer and customer behavior. Therefore, we will focus on data regarding consumer behavior, regardless if the authors made any difference between those two terms, since this differentiation is not beyond the scope of this paper.

Consumers are different in their behavior in process of wine purchasing, based on the level of their involvement. If they are high involved, beside the price, which is inevitable part of most decisions, consumer tend to look at brand, packaging (especially label design), country image, position at the shelf, winery owner and her/his prestige.

Generally, consumers who are involved can be attracted by any of six Ps from wine marketing program (Wagner et al. 2011). Therefore, wine consumers react on product

(perception of wine quality and previous organoleptic experience), price, placement (location), packaging (front label, back label, neck label, bottle and bottle shape, carton, extra package and awards), promotion (media, point of sales) and position (at the shelf and the side of the store).

Barber et al. (2006) have confirmed that the most important factor of wine purchasing decision, besides vintage and brand name, is a price. Their research also have found that other factors that were important for consumers include country of origin and grape variety. According to Bashar (2012) there are many factors, besides the prices, which influence conversion of store visitors to consumers, such as product quality and assortment, promotion, service, availability of products, and ambience of the store.

Shepherd and Sparks (1994) defined three groups of factors that influence consumer's choice: physical (geography, season, technology, economics); social (social, custom religion, social class, advertising, education); and physiological (heredity, allergy, acceptability, nutritional need). Even earlier, similar model has been created by Khan (1981), which includes seven categories influencing consumer's choice in food/beverage sector:

- 1) personal factors such as influence of other persons, familiarity, and emotional meaning associated with food/beverages;
- 2) biological, physiological, and psychological factors such as age and gender;
- 3) extrinsic factors, such as advertising and seasonal variations;
- 4) intrinsic factors (of the food/beverages), such as appearance, odor, flavor, and texture;
- 5) cultural, religious and regional factors including geographic regions;
- 6) educational factors including nutrition education; and
- 7) socio economic factors, such as income and the cost of food/beverages.

Since this paper has a focus on hard-discounters and the consumers who choose this type of retail, the most important factor which influences consumer behavior is, without doubt, a price, due to the fact that most of wine consumers in hard-discounter chains tend to have low involvement in a process of wine purchasing.

#### **4. Psychological Pricing and Other Price Tactics for Retail Chains**

Price tactics have their roots in behavioral economics and psychology (Ahmetoglu et al. 2014). According to their research, retailers influence perceptions and direct consumer behavior, based on price tactics they implement. As stated earlier, psychological pricing is one of many tactics which modern companies, including retail chains, use in order to communicate with consumers. Concept of price discrimination, which has been introduced by Farris & Quelch (1987) and Narasimhan (1984) had a focus on explaining that price reductions could be efficient when sizable market segments were targeted. Russian Federation is therefore interesting due to the size of market, and development of concept of hard-discounters, which are explained in next part of this paper. At the other hand, Shindler (1998) concluded that market segments have to have different price sensitivity in order to implement successful price tactics. We shall briefly describe all price tactics, according to general marketing literature of Lamb et al. (2012), and focus on those used by retail chains:

- discounts (quantity, cumulative and noncumulative, cash, functional, seasonal, promotional),
- value based pricing,
- pricing products too low,

- single price,
- price lining,
- leader pricing,
- price bundling and unbundling,
- psychological pricing

Discounts: there are several different types of discounts, but the basic goal of any discount is to stimulate consumers to purchase the goods at irregular basis. Besides trade credit, cash discounts provided for consumers, are among the most important financial managerial decisions (Ting & Chung, 2014). At the same time, Zielke (2014) has shown that value perception defined in discount policy of shops is the most important factor of consumer behavior in discount stores, which are in the focus of this paper. Therefore, quantity discount is offered to consumers who purchases more than certain specified quantity (for examples in Russia it is common to offer 1 bottle of wine free, who orders 10 bottles, so in total customer pays only 9 bottles, or she/he received 10% of discount to base price).

There are two basic types of quantity discounts, cumulative, which means that buyer gets discounts for all deliveries during certain period of time (month, quarter, per annum), and noncumulative which implies only to single order. The first type stimulates consumer loyalty, while the other type is only focused to get instant larger demand from the consumers. On the other hand, there are cash discounts which imply lower price if consumers pay in cash. Since modern chains use many loyalty cards that guarantee certain benefits, they are also motivated to grant discounts for cash in the situation when liquidity issues arise. Functional discount determines different prices for different trade partners, and it is typical for cash and carry systems, since retail chains want to stimulate loyalty of certain type of (professional) customer, like a restaurant, hotel, bank, etc. Seasonal discounts have function of stimulation of demand for products that are being sold in the period out of the season (for example to stimulate consumption of red wines during summer, or white during the winter). Seasonal discounts are important both for retail chains and producers in order to keep optimal stocks at the store during the whole year. Promotional pricing means certain allowance to retailer received from supplier in order to better position its product at retailer's shelves. It is usually used for secondary positions at shelves, and special advertisements in retailer's booklets.

Value-based pricing: the concept implies that retailer first looks at competitors and than set a price which is believed to be valued by its consumers as fair. Customers' cognition is the crucial factor in this type of pricing (AlinezhadSarokolae et al., 2012). This concept has become even more important in the period of the recent economic downturn and by adoption of the new technologies, as stated by Grewal et al. (2012). Nowadays, consumers are offered not just a price but to understand the value of the product. For example, in the USA Walmart's competitors were using this approach in order to explain to customers that they are receiving more value by purchasing certain product at prices, which were more beneficial compared to Walmart. This concept is specially important in period of recession, such as recent global crisis, when many products were offered at same price but the package has been larger, with so called gratis goods (for example consumers paid for 5 kg of certain detergent, but received 5.5 kg, or 0.5 kg as gratis), which they have perceived as higher value.

Pricing Products Too Low: when a retailer wants to cover large market share in short period, it can maintain very low prices. This price tactics, as well as single and line pricing, lie on consumers' trusting beliefs and purchase intentions, according to White & Yuan(2012). However, this is only short-term approach and cannot be profitable in a long run. New companies that have a goal to be acquired by larger retail chains can use this approach, and

they are only focused to get more consumers, and larger market share, hoping to compensate all losses once an acquisition has been concluded.

Single Price: this tactic sets all goods and services at one price such as concept “Buy everything for 1 dollar”. Idea behind this concept is to save time to consumers and to focus their attention to limited assortment. The largest problems that have retailers performing this tactic is how to maintain the costs, especially in case of inflation, which has been very important obstacle of economical development in Russia for the previous two decades.

Price Lining: the concept of price linings is to set few prices-lines of each product category and to determine all items within these categories. In this case all products belong to one of few price categories. For example, entry wines for 200 rubles, middle segment for 300 rubles, higher middle segment with price of 400 rubles, and luxury wines with price of 500 rubles. This tactic, although being simple for consumers and therefore saving their time, brings many possible problems. Retailers can always keep larger stock of products which they purchased at lower than average prices, or change line and its assortment, or they could even have very fixed lines and its structure, but to risk their long-term profitability, due to often increases of wine production costs, as result of specifics of every vintage.

Leader Pricing: the logic of this tactic is to set at very low level (sometimes below its costs, which can be illegal in Russia) prices of certain products, which should attract consumers to store, and than refocused their mind to completely another items, that are priced at level which brings overall sufficient profitability to retailer. Prices that are set low are always related to already established brands in order to easily attract consumers. This tactic is also called loss-leader pricing, because loss made at certain items has been compensated by profit from sales of another items. There is a theoretical approach developed for the loss-leader pricing (In & Wright, 2014) where companies promote low prices (below cost) for certain products in order to attract consumers for other products which are not promoted by low prices, but the consumers get perception that these products are also priced fairly.

Price Bundling: when two or more products are being sold and marketed as one SKU (stock keeping unit), it is a case of price bundling. For example, in wine sector it is common to sell item constituted of bottle of wine and a glass for red, white or sparkling wine. In many cases, consumers are offered not one bottle of wine, but the whole case of 6 or 12 bottles (in the USA and Canada standard case has 12 bottles). When products are sold in a bundle, it is harder for consumers to compare prices, and therefore they do not tend to have a belief that they receive lower value. Even more, previous research showed that consumers are more certain of the quality of the bundled products (Kwon & Jang, 2011). Therefore, selling in a bundle could increase general demand of products. Completely opposite is tactic of unbundling, when consumers want to know the price of every item, previously sold in the bundle. This case usually happens in periods of economic downturns.

Psychological Pricing: the concept has been previously explained in this paper, and is also called odd-even pricing. Basic logic behind psychological pricing is influence of prices to consumer's perception in order not to bargain, which is result of odd prices, or to value the product as prestige quality, which is the result of even prices. When odd numbers are used, as we shall see in the results of price observations in Russia, prices are usually set 1 ruble lower than round figure (100,150, 170, 200, etc.) Consumers should position products with such prices as fairly defined, without any need to bargain. Consumers were positioning products' prices as better value when retail chains have used odd psychological pricings.

### 5. Overview of the modern retail in Russia

There are four main types of the modern retail in Russia:

- Supermarket chains,
- Hypermarket chains,
- Cash and carry systems, and
- Hard-discounters.

Supermarket is a large form of the traditional grocery store, with self-service of food, beverage and household items. Supermarket is smaller and with limited assortment compared to hypermarket. Hypermarket is covering more than 10,000 square meters and is combination of supermarket and department store. It has, under one roof, full assortment of food and beverage items, as well as other general merchandise. It is also called “big-box market”. Cash and carry system is a wholesale warehouse with focus on limited number of professional customers, which usually belong to any of these: shops, restaurants, professional users, caterers, institutional buyers, etc. Customers settle the invoice on the spot in cash, and carry the goods by themselves. They enter cash and carry center only after validation of their individual ID cards. Hard-discounters have main focus on price, which should be low during whole year. Usually prices tend to be 20% lower than at supermarkets, but that depends of category of products. In Russia there are four retail chains belonging to this type, as shall be later explained.

Importance of retail for total wine sales in Russia, according to data research group Euromonitor 2011, comes from the fact that off-trade counts for 93% of all wines sold in Russia.

Table 1- On-trade vs. off-trade in Russia

Off/On	Value Sales %	Volume Sales %
Off-trade	83.5	92.7
On-trade	16.5	7.3
Total	100	100

Source: Euromonitor, 2011

Among the following chains, if we exclude first four which are hard-discounters (they will be analyzed later) and fifth since it does not carry wines, specially four are important, and among them two are foreign based: Auchan (France) and Metro (Germany), and two are Russian based: O’Key and Lenta.

Table 2 - Retail chains in Russia

No	Retailer	Country of origin	Chains	Sales (RUB m)	Store count
1	X5 Retail Group	Russia	Pyaterochka	283,948*	2,525
2	Tander	Russia	Magnit	287,732	5,006
3	Dixy Group	Russia	Dixy	68,901	868
4	Monetka	Russia	Monetka	35,220	326
5	Sistema RegionMart	Russia	Chibis	13,421	121
6	Auchan Group	France	Auchan	205,147	48
7	O’Key Group	Russia	O’Key	93,134	42
8	Metro Group	Germany	Real	29,508	18
9	Lenta	Russia	Lenta	50,940	42
10	COOP	Germany	Selgros	4,284	5

Source: [http://www.russiaretail.com/Russian\\_Retail\\_Data.shtml](http://www.russiaretail.com/Russian_Retail_Data.shtml)

German based Metro Group with its cash and carry format, as well as French hypermarket chain Auchan, have entered Russian market in 2002. Metro has been implemented its internationalisation strategy with focus to escape the over saturation of its home market. Metro also owns the Real hypermarket and the Media Markt electronics chains, and consequently creates majority of its turnover outside its home country. On the other hand, French based retail chain Auchan has been focused to position shopping experience as a more convenient version of a stroll around an outdoor market, with constantly positioning its optimal price-quality ratio. Auchan is also the principal initiator of the Mega Malls.

O'KEY Group launched its first hypermarket in St. Petersburg in 2002, very quickly it became the retail leader of that region. From that period, fast growing has been its strategy. The plan is to have its stores in all of 25 largest Russian cities by 2015.

Lenta is another hypermarket chain, which started its expansion in St Petersburg from 1993. Lenta has strategy in providing customers with high quality goods, a large selection and the low by eliminating the middleman where possible. Today Lenta is present in 37 cities in Russia and has 16 hypermarkets.

The most important factor of success of retail chains in Russia, both domestic and foreign, has been their ability to frame profitability into a long-term perspective. This factor is critical in order to understand retail business philosophy in all emerging markets. We shall focus on hard-discounters because we want to examine pricing strategies, not brand, which is also important factor in consumer behavior. Consumers who shop at discounters are predominantly focused on low prices and therefore hard-discounter retail chains are the suitable laboratories to examine psychological pricings. The following are hard-discounters in Russia: Pyaterochka, Dixy, Monетка and Magnit. It is interesting to confirm that all existing hard-discounters are Russian based. Having in mind that foreign retail chains do possess higher level of know-how, based on their high level of internalization and consequently high level of transfer of knowledge, people, materials, money, as well as already established brands, it has been reasonable that Russian based chains were creating their consumer strategy predominantly focusing at prices, in order to create competitive niche. On the other hand, government has protected this price-based strategy with high entry barriers, in the form of complicated title registration procedures for hard-discounters. Therefore, it can be concluded that foreign advantage in the hard-discount sector has not yet been achieved, and that many challenges will arise in the future, when foreign based hard-discounters enter the "scene".

## **6. Price observation at the hard-discounters**

In the following four tables we shall see results of price observations in hard-discounters in Russia. We have used in-person single price observation, and five stores were randomly chosen from every of four retail chains belonging to the type of hard-discounters. Totally 20 stores were analyzed. Period of observation was the last week in May of 2014. The single observation has been sufficient since the prices were the same inside one chain at the time of observation. At the same time, due to the fact that a policy of assortment varies among hard-discounters, we could not have the same number of wines observed in every chain. In order to eliminate branding bias, wines have been numerated, not described by the brand name.

The goal is to check hypothesis if there is only one retail chain of such type which has a sole price tactics of psychological pricing in the wine sector. Psychological pricing, as explained earlier, in the case of odd numbers, and as we shall see in the results of price observations in Russia, commonly means that prices were set precisely 1 ruble lower than round figure (lower than 100, 150, 170, 200, etc.).

Table 3 - Case of Dixie (5 stores)

Type of wine	Retail shelf price in rubles
Red wine 1	340
Red wine 2	161
Red wine 3	279.70
Red wine 4	323
White wine 1	218
White wine 2	234
Sparkling wine 1	253

The case of Dixie shows that company is not using psychological pricing as sole price tactic as per concept of psychological pricing we have explained earlier, since all prices were not set one ruble lower than round figures, but either higher or lower.

Table 4 - Case of Magnit (5 stores)

Type of wine	Retail shelf price in rubles
Red wine 1	217
Red wine 2	409.10
Red wine 3	349
Red wine 4	114.90
White wine 1	183.40

Magnit, as shown in the Table 4, has been using psychological pricing, but not as a sole price tactic.

Table 5 - Case of Pyatorochka (5 stores)

Type of wine	Retail shelf price in rubles
Red wine 1	225
Red wine 2	265
Red wine 3	290
Red wine 4	355
White wine 1	297.15
White wine 2	275
Sparkling wine 1	265

Pyatorochka does not use, as shown in Table 5, psychological pricing as its sole price tactic.

Table 6 - Case of Monetka (5 stores)

Type of wine	Retail shelf price in rubles
Red wine 1	189
Red wine 2	249
White wine 1	149
Sparkling wine 1	129

As it has been showed in the Table 6, we have checked most of the wine categories (red, white, sparkling) we can confirm that for all wines only psychological pricing has been utilized in hard-discounter chain Monetka. All prices were set just one ruble lower than round figures. This is very important aspect of competitive advantage of Monetka, and we believe that it is valuable for this retail chain to continue with such concept.

## **7. Conclusions, Implications and Limitations**

Russia has been the largest growing wine market globally, as per the data presented in this paper. Among retail chains that operate in this country, hard-discounters are specially depending on price tactics that were described in the paper. Psychological pricings bring advantages to these chains in many aspects, like increasing demand, attracting new business deals, growing profits and customer base by increasing customer loyalty. Research that concerned positive effects of psychological pricing as a source of competitive advantage, has been presented in the paper. As per Hollebek et al. (2007), wine regions are more important behavioral factor for high-involvement consumers. Since this paper has a focus on the hard-discounters, where consumers tend to be low-involvement, other factors are much more important than wine regions.

Psychological pricing, as one of the price tactics, is important factor of consumer behavior at a store, according to Ritchie et al. (2010). This paper has provided contribution because this factor is even more important at the hard-discounters, which were analyzed here. At the other hand, this paper provides primary data based on in-personal single price observation that has been performed in all of four hard-discounters of Russia and it has shown that only Monetka is solely utilizing psychological pricing as its tactic. Therefore it is considered to be very important source of competitive advantage of this retail chain. Paper also discussed studies that have shown that price innovation, as a source of competitive advantages for modern companies, will be more utilized in the future. Therefore, this paper could contribute to managerial decisions, especially at retail companies, to more focus on psychological pricing as a source of their future competitive advantage.

At the other hand, this paper could have social contribution. Since Russia has “Dealcoholisation” as the new concept introduced few years ago, analysis of wine consumer behavior and retail tactics that increase such consumption, were recognized in Russia as one of the ways to succeed in reducing the number of heavy drinkers by changing the structure of alcohol consumption toward wine and less alcoholic spirit products (40,2014).

The future research can follow up with other sectors, such as food, beer, spirits, etc., and analyze if psychological pricing can be important factor of competitive advantage in other sectors as well. At the other hand, we were focused on hard-discounters. Having in mind that there are four major types of retail that have been operating in Russia in 2014, research can be performed of psychological pricing in supermarkets, hypermarkets or even cash and carry centers. Also, besides psychological pricing, we can make research of any other, previously discussed price tactics, for any of retail type, which have been defined and explained in this paper.

Limitations of this paper predominantly come from the size of sample (20 stores) and the fact that all of them have been located in Moscow. Also, as the wine consumption in the capitol of Russian Federation has the largest part of total consumption in this country, a research can be obtained in other large cities of Russia, like St Petersburg, Niznji Novgorod, etc. At the same time, as have explained in part 5, at this moment all hard-discounters have been Russian based, with Russian ownership. Government has protected this retail type with high entry barriers, in the form of complicated title registration procedures for hard-discounters. Therefore, it can be concluded that foreign advantage in the hard-discount sector has not jet been achieved, and that many challenges will arise in the future, when foreign based hard-discounters enter high growing Russian market.

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