The Price We Pay
The Autonomy of Store Managers in Making Price Decisions
The Case of Grocery Retailing
"The fact that the price must be paid is proof it is worth paying."

Robert Jordan
(al’Lan Mandragoran in The Eye of the World, 1990)
MADELEN LAGIN

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Abstract


In this dissertation, the store manager’s autonomy in making price decisions is explored to further our understanding of this actor. As a result, the store manager’s embeddedness in the manufacturer-retailer-consumer triad provides a more holistic view of the price decisions made in grocery retailing. In both the scientific literature and the grey literature, discussions of whom it is who actually makes the price decisions within grocery retailing are diverse and point to all three actors in the triad, including the store manager.

Through a theoretical departure in which price decisions and autonomy is discussed, it is possible to explore the store manager’s ability to make price decisions in relation to the manufacturer-retailer-consumer triad. As an embedded actor in the triad, the store managers can, theoretically and speculatively, face restrictions in relation to all actors.

The context in which this dissertation is placed is that of the grocery retail branch in Sweden, where the three largest retail organisations have participated in the dissertation. This dissertation consists of the cover paper and five appended papers, where autonomy is discussed from a qualitative perspective within the frame of a mixed method approach. By looking at price decisions from the store manager’s perspective, and his/her freedom in making price decisions, the dissertation contributes to the area of micro-foundations of pricing.

It is concluded that while store managers might not be formally autonomous in making price decisions, and that connected restrictions, due to the relationship and position of the actors in the original triad are in place, the store managers have enough freedom in relation to the store to implicitly and operationally influence price decisions. As a result, it is concluded that the possibility to resist decisions by acting as if they are autonomous, store managers become important actors to be taken into account when price decisions are made and evaluated.

Keywords: price decisions, relationships, triad, strategy, tactic, connected autonomy, connected restrictions

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In my half-way dissertation, I labelled this journey as similar to a roller coaster or a mountain climb. Although it might still have been a similar journey in finalising this dissertation, it has been more of a criss-cross journey of ups and downs, lefts and rights, where I sometimes could have gone in all directions. I am grateful that throughout the journey I have had great and amazing people guiding me and supporting me, both within the academic sphere and my private sphere.

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Örebro, 2018-08-26

Madelen Ladin
List of appending papers

This dissertation is based on the following five papers

Paper I  Understanding the link between price strategy and price tactic – an analytical model on retailers’ decisions.
Submitted to *Journal of Product and Brand Management*

Paper II  How does the use of in-store discount coupons affect retail revenues?
Revised version submitted to *Journal of Retailing and Consumer Services*

Paper III  Quantity Rebates Using Coupons - A Retailers Perspective
Lagin, M., Daunfeldt, S-O., and Rudholm, N.

Paper IV  Psychological Price Setting Techniques - An Experiment on Odd to Even Prices
Lagin, M.

Paper V  Retail price decisions from the perspective of the lower-level manager
Lagin, M.
**List of Definitions**

**Autonomy:** the ability to make decisions vis-à-vis other actors

**Chain strategy:** the strategy set for a whole chain where several stores have identical strategies

**Price decision:** any decisions that are related to the retailer’s prices

**Price strategy:** decision that is related to the long-term development of the retailer’s prices

**Price tactic:** decision that is related to the short-term development of the retailer’s prices

**Price zones:** prices are decided upon dependent on location and can be related to the distance between where the products are produced the consumer segment

**Retail organisation:** the cooperation owning the retail chain(s)

**Retail chain:** a specific retail chain within a retail organisation. A retail chain has a chain strategy that is unique, in comparison to other retail chains within the same retail organisation

**Store strategy:** the strategy set for an individual store, within the frame of a retail chain.
# Table of Contents

INTRODUCTION ............................................................................................................ 15  
Price decisions ........................................................................................................ 15  
What is the overall problem? ............................................................................. 19  
Aim and contribution of the dissertation .................................................. 22  
The structure of the dissertation .................................................................. 24  

THE RESEARCH CONTEXT ............................................................................... 26  
The public debate - A matter of you, me, or someone else? ...................... 26  
Why is grocery retailing a suitable industry to study in relation to store  
managers’ autonomy in price decisions? .................................................... 28  

THEORETICAL DEPARTURE ........................................................................ 30  
Overview of price research ........................................................................... 30  
  Who decides on the price? ........................................................................ 30  
  How are the decisions made? .................................................................... 32  
  What characteristics has a price decision? .......................................... 36  
  What can we learn from the overview of price research? ................. 38
The concept of autonomy ............................................................................. 38  
  A definition of the autonomy of the store manager ......................... 39  
Definitions of autonomy ............................................................................ 40  
The possibilities for store managers to be autonomous ....................... 45  
Restrictions due to the retail organisation ............................................. 47  
Restrictions due to the manufacturer ...................................................... 49  
Restrictions due to the consumer .......................................................... 51
Arriving at an analytical framework ......................................................... 52  

METHODOLOGY .............................................................................................. 54  
Perspective used in the dissertation .......................................................... 54  
The context of the study ............................................................................. 55  
  General organisational conditions ....................................................... 56  
  The issue of anonymity in relation to the context ............................ 57
Procedures used in the dissertation ........................................................... 58  
  Semi-structured literature review ...................................................... 59  
  Experimental studies ............................................................................ 61  
  Semi-structured interviews and observations .................................... 65  
Combining the methods ............................................................................. 68
Table of Figures

Figure 1. Relations in which autonomous decisions could take place ........................................................................................................ 39
Figure 2. Price decisions from the perspective of the store manager when embedded in the manufacturer-retail-consumer triad........................................................................................................ 53
Figure 3. How the papers relate to the store manager as the one who makes the price decisions, how the store manager makes price decisions, and the characteristics of the price decisions that the store manager makes. ........................................ 72
Figure 4. Organisational levels of price strategy and price tactic (Lagin and Gebert-Persson 2018) ........................................................................ 82
Figure 5. Findings of the autonomy of store manager’s price decisions as embedded in the manufacturer-retailer-consumer triad................................................................. 101

Table of Tables

Table 1. The characteristics of price decisions................................. 37
Table 2. Definitions of freedom in making decisions in previous studies ................................................................................................. 40
Table 3. How the papers relate to price decision autonomy ............ 69
Table 4. A summary of why high vs. low autonomy can be made in relation to who makes the decision, how the decisions are made, and the characteristics of price decisions. .............. 91
Introduction

On reflection, what strikes me in the discussion with retail managers at different managerial levels is their sense of being unable to make decisions. During the process of working on this dissertation, I have been approached a number of times by store managers within the grocery industry expressing the fact that they have too little, or no, influence on making price decisions\(^1\), due to the manufacturer\(^2\), the consumer, or organisational structure of their own retail chain. Hence, it seems that store managers, who can also be defined as lower-level managers, perceive they have very little freedom to make autonomous decisions.

Despite Nagle and Müller’s (2018) implication that lower-level managers often are those who make the price decisions, the store managers that I have encountered perceive their ability to make such decisions as constrained. Consequently, the question arises as to how the autonomy of a store manager’s price decisions can be explored.

Price decisions

Since the set price is the only way for a retail organisation to harvest some of the value of a product offering and, thereby, make a profit (cf. Rao 1984; Smith and Nimer 2012; Nagle and Müller 2018), it is a key marketing decision for a retail organisation. A retailer, often indicated in previous research in terms of a retail organisation\(^3\),\(^4\) to which several retail chains\(^5\) and stores\(^6\) belong, has a plethora of price decisions that he/she can make (cf. Tellis 1986; Gijsbrechts 1993; Levy et al. 2004; Fassnacht and El

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1 See list of definitions for an explanation of what price decisions mean.
2 In this dissertation, a manufacturer refers to companies of different sizes from which the retail store manager purchases and sells the various company brands. Hence, it can thereby be related to small local companies with limited manufacturing scope, as well as large international companies that have the possibility of building their production on economy of scales.
3 From this point forward in the dissertation, for the sake of clarity, retail organisation instead of retailer is used in relation to studies that discuss price decisions on this level.
4 See list of definitions for an explanation of what the retail organisation is.
5 See list of definitions for an explanation of what the retail chain is, as what chain strategy is.
6 See list of definition for a definition on store strategy.
The retail organisation’s price decisions have been argued to be related to the overall positioning of the retail organisation’s chains and stores (cf. Shankar and Bolton 2004; Kopalle et al. 2009; Kumar et al. 2012). According to Zielke (2010) and Watson et al. (2015), the price decision that the retail organisation makes is thereby highly complex. In combination with the issue that price decisions are key marketing decisions, the complexity in the price decisions means that one needs to consider price decisions from a strategic\(^7\) and tactical\(^8\) viewpoint. By considering the strategic and tactical nature of price decisions, Kopalle (2010), Grewal and Levy (2009), and Shankar and Bolton (2004), among others, point out that different price decisions can be explained in an interrelated way rather than decisions that exist in their own sphere.

The strategic nature of price decisions is often explained as a set of coordinated decisions over several markets (cf. Kopalle et al. 2009; Nagle and Müller 2018), while some retail researchers argue that the tactical price decisions shape the overall price strategy (cf. Cox and Cox 1990; Bolton and Shankar 2003; Shankar and Bolton 2004). In comparison, the tactical nature of price decisions is assumed less complex in relation to making a price decision since individual consumer segments are targeted (cf. Johnson et al. 2013; Nagle and Müller 2018). Narrowing the market, i.e. the consumer segments targeted, indicates that the need for coordination of activities is smaller. Whether or not one believes that strategy shapes tactics and that it is the realised strategy that can be seen, or that the tactics shape the strategy, both types of decisions, although theoretically different, can be assumed to reach goals that are related to the organisation as a whole, as well as a specific market.

These different perspectives on strategy, tactics and price decisions do not usually assume that the store manager makes the price decisions, but are instead usually based on the assumption that the retail organisation, or, in some cases, the chain, makes the price decisions. Although this might be the case, it is argued by Lusch and Jaworski (1991) that it is the store managers who are guided and controlled by the decisions decided upon by the central units (Lusch and Jaworski 1991), in which both the retail organisation and the chain can be understood as central units (cf. Mitronen and Möller

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\(^7\) See list of definitions for an explanation of what a price strategy is.

\(^8\) See list of definitions for an explanation of what a price tactic is.
2003). If the store managers are guided and/or controlled by what the retail organisation decides upon, and that one can assume that these price decisions have different strategic and tactical characteristics, these decisions would be of interest from the store manager’s perspective as well.

In relation to the coordinating nature of strategic price decisions, this price decision can according to Mitronen and Möller (2003) be linked to both the chain and store level in retailing, as can the tactical decisions. Lusch and Jaworski (1991) and Hernant (2009) argue that this is an important notation to make since the store manager is the one who is responsible for the store’s performance. This suggests that price decisions, no matter what their nature, also occur in the realms of the store manager, despite the lack of this perspective in most retail-price research.

When viewing price research conducted in grocery retailing, store managers’ price decisions are, at best, implicitly assumed in the studies (cf. Levy et al. 2004; Kopalle et al. 2009; Grewal et al. 2011; Fassnacht and El Husseini 2013). In addition to this, the nature or interrelation between strategic and tactical price decisions are seldom, or not at all, investigated together (Grewal and Levy 2009; Fassnacht and El Husseini 2013). Therefore, these decisions are often not considered in relation to this specific decision-maker, and the nature and type of strategic and tactical price decisions discussed in relation to the store manager are then limited.

Given the organisational structure of today’s retail organisations, which can be divided into four organisational decision levels, namely, the corporate management level, general chain management level, chain management level, and store management level (Mitronen and Möller 2003), the store manager has been pointed out as a lower-level manager within purchasing research (Ogbonna and Wilkinson 2003; Dreyer et al. 2018). In addition to this, it has been pointed out that the store manager, as an individual within the retail organisation, makes price decisions (Mitronen and Möller 2003; Hernant 2009), and it can thereby be assumed that the store manager can be viewed as a low-level manager making price decisions.

When price decisions of any kind are made in relation to lower-level management, rather than at the centralised level of an organisation, Nagle and Müller (2018) argue that inexperienced managers make price decisions that result in decisions that are ad hoc and tactical, but never strategic. However, in relation to the grocery retail industry, Mitronen and Möller (2003) argue that price decisions are made both at the chain level and at the
store level within the industry, which allows local adaptations to interplay with centralised decisions and policies.

In relation to this, store-level decisions are, in general, claimed to be competitive decision structures that allow local adaption to increase the competitive advantage, especially in larger retail organisations (Lusch and Jaworski 1991; Mitronen and Möller 2003; Hernant 2009). Hence, on the one hand, this can imply that strategic price decisions are not permitted at the store level, due to insufficient experience (cf. Nagle and Müller 2018), while, on the other hand, not allowing local price decisions by a store manager could hinder the competitiveness of the retail organisation (cf. Mitronen and Möller 2003), even if price decisions are directed at specific markets.

If local adaption through store the manager’s price decisions can increase the competitive position of a retail organisation (Mitronen and Möller 2003), and the store manager is the one responsible for the performance of the store (Lusch and Jaworski 1991; Hernant 2009), both strategic and tactical price decisions are indicated to be of importance for the store manager. From a store manager’s perspective, this indicates that the strategic and tactical price decisions then need to be explained in relation to both the lower-level management position that the manager holds within the retail organisation, and the coordination between the different types of decisions, as based on the local market. To be able to say anything about the store’s performance, evaluation of the price decisions is also indicated as necessary.

Price research in general, and retail research in particular, focuses on the evaluation of price decisions to be related to maximise outcomes (Tellis 1986; Diamantopoulos 1991; Kopalle 2010; Lagin 2015), i.e. a decision-maker should make decisions that provide the highest level of return in comparison to other choices. However, Lagin (2015) also points out that although most retail research on price decisions is made on these premises, there is also room to assume that the retail organisation, or, in the case of this dissertation, the store manager, also makes price decisions that are of a more satisfying character. Thus, researchers aim at evaluating the most profitable outcome in the research they conduct (Aalto-Setälä and Halonen 2004; Bambauer-Sachse and Grewal 2011; Kopalle et al. 2012; Lagin 2015), regardless if it concerns sales volume or profitability.

Evaluating outcomes of a decision in such a manner is not necessarily contradictory to assuming that the store manager has the possibility of making price decisions. For example, most researchers tend to focus on
maximisation through the usage of time-limited offerings to targeted consumers (cf. Raghuribir 2004; Bambauer-Sachse and Grewal 2011; Johnson et al. 2013), often with the implication that certain offerings are more beneficial than other choices for the retail organisation. This, in its essence, could potentially be applicable for the store manager if they are making price decisions. Despite Mitronen and Möller’s (2003) argument that price decisions are made by store managers, evaluation, or the nature of the price decisions are not discussed in-depth. Neither is the store manager, who is supposed to implement the price decisions.

What is the overall problem?

The discussion above highlights a perspective on price decisions rarely considered in price research, namely the perspective of the store manager and his/her ability to make price decisions. Store managers, who are often assumed to have knowledge about local consumers (cf. Mitronen and Möller 2003; Hernant 2009), local competition, local manufacturers (cf Mitronen and Möller 2003; Barnabas and Mekoth 2010), and the store manager’s own store (Hernant 2009), become important to consider since store managers are those who implement price decisions. Hence, price is not only a major element in marketing, but can also play a key role in discussing aspects of implementation, according to Constantinides (2006).

This dissertation focuses on price decisions within grocery retailing. In an industry that has become more centralised in regards to different functions, e.g. the purchasing process (cf. Johansson 2002; Ogbonna and Wilkinson 2003; Johansson and Burt 2004; Dreyer et al. 2018), and the pricing function (cf. Homburg et al. 2012; Simonetto et al. 2012; Carricano 2014), the grocery store manager’s freedom in implementing, and, thereby, making price decisions can be debatable.

Freedom to make decisions implies that decisions can be made without any restrictions from the central parts of an organisation (cf. Brock 2003; Mitronen and Möller 2003; Barnabas and Mekoth 2010). Restricting an individual’s freedom in decision-making is, according to Ogbonna and Wilkinson (2003), a way in which a store manager’s autonomy is undermined. In this dissertation, autonomy refers to the ability to make decisions in relation to the retail organisation (cf. Brock 2003; Mitronen and Möller 2003; Hernant 2009), but also in relation to other actors (cf. Roloff and Aßländer 2010).

The advocates for not allowing store managers to have freedom in their decision-making base their argument on the cost effectiveness of one unit
making the price decisions for the whole retail organisation (cf. Carricano 2014; Dreyer et al. 2018). In comparison, the researcher who advocates that the store managers should be autonomous in their decisions base this on the need for local adaption of decisions (cf. Roloff and Aßländer 2010; Gammelgaard et al. 2012; Linder 2016), and the difficulty in measuring performance at the chain level (Hernant 2009). As such, the store manager’s autonomy can be argued to be contingent upon whether the retail organisation considers local adaption of price decisions and store performance as necessary.

Mitronen and Möller (2003) argue that the degree of autonomy for the store manager leads to a competitive advantage for the retail organisation in terms of local adaption. Here, some researchers argue that the store manager can make price decisions (cf. Lusch and Jaworski 1991; Mitronen and Möller 2003; Hernant 2009), while others argue that price decisions are connected to the management levels of the retail organisation (Brock 2003). Although this does not necessarily contradict itself, since store managers have been recognised as lower-level managers (Ogbonna and Wilkinson 2003), none of these research perspectives discuss the nature of the price decisions that a store manager can be autonomous in making, or to what degree the store manager is supposed to follow what is decided on at another management level. As such, there are no indications of how the store managers can make autonomous price decisions to locally adapt to the market.

With an immense amount of retail research on price decisions (cf. Levy et al. 2004; Kopalle et al. 2009; Grewal et al. 2011, for overviews of price research), but where tactical and strategic decisions are seldom connected (Grewal and Levy 2009; Kopalle 2010) to each other, or the individual store, it suggests a focus on achieving standardised solutions for the retail organisation rather than the store itself. Since the store manager is the individual responsible for the performance of the store (Lusch and Jaworski 1991; Mitronen and Möller 2003; Hernant 2009), store-related price decisions become important, and have, to the best of my knowledge, not been the question in focus in previous retail price decisions. From the perspective of the store manager, the question is then what type of price decisions can be considered of relevance for the store manager to be autonomous in making, rather than the retail organisation controlling price decisions.

As discussed earlier, local adaption was considered an important reason for allowing autonomous decisions within the retail organisation, which, in
turn, would increase the performance of the store. In the light of this, Mitronen and Möller (2003) suggest that local adaptions of price decisions are related to both the local manufacturers and the local competition. Although not discussed from the perspective of the store manager’s price decisions, several researchers discuss the relationship between the retail organisation and the manufacturer as one in which the retail organisation benefits from allowing the manufacturer’s price decisions within their stores (cf. Ailawadi and Harlam 2009; Pancras et al. 2013; Bogomolova et al. 2017). Mitronen and Möller (2003) also point out that the store manager, when autonomous in his/her price decisions, can benefit from manufacturer deals and offerings. However, the difference is that the store managers adapt the deal or offering from the manufacturer as they see fit for their store (Mitronen and Möller 2003). Even if a few researchers point to store level performances in relation to price decisions (cf. Kamakura and Kang 2007; Hall et al. 2010), the store manager’s freedom in making these decisions is not the perspective taken in the studies, and the price decisions are thereby not discussed from the perspective of the store manager.

The problem is that the relationship between the retail organisation and a manufacturer is usually ascribed to being coloured by a power-dependent balance (Martín-Herrán et al. 2010; Chung 2012), in which the retail organisation chooses to implement the manufacturer’s price decisions (Lal and Villas-Boas 1998; Martín-Herrán et al. 2010; Martín-Herrán and Sigué 2011). However, this way of describing the relationship between the retail organisation and manufacturer does not consider the store manager as part of this relationship when making price decisions. Thus, if the store manager is autonomous in strategic and tactical price decisions, as argued by, for example, Mitronen and Möller (2003), and Hernant (2009), this indicates that the relationship between the store manager and the manufacturer influences the autonomy of the store manager’s price decision.

The question of the retail organisation being free to make decisions in relation to the consumer, as well as the manufacturer, is debated frequently in the literature, in relation to the manufacturer-retailer-consumer triad (Moreau et al. 2001; Glynn 2009). This discussion follows the same power-dependent discussions, as is the case when focusing solely on the relationship between the retail organisation and the manufacturer (Martín-Herrán et al. 2010). However, by using the triad, Glynn (2009) argues that this gives a broader view of the retail organisation, since it accounts for the relationship with both the manufacturer and the consumer. In relation to the triad, there are indications that the different actors perceive price
decisions in a different way (Moreau et al. 2001), but the store manager is not included as an important part in the triad.

In terms of adapting price decisions towards consumer segments, this has been a factor frequently advocated in research conducted on different types of price offerings (cf. Sigué 2008; Bambauer-Sachse and Grewal 2011; Su et al. 2014; Lin and Wang 2017), which would imply a local market perspective. Despite this, the price literature discusses consumer targeting as a chain-wide issue (cf. Baritaux et al. 2011), where offerings are adjusted, based on what the retail organisation knows about the consumer’s behaviour in the local market (Johnson et al. 2013). Local knowledge, which Mitronen and Möller (2003) argue is important in allowing the store manager to make price decisions, is thereby not considered. From the perspective of the store manager, the question is then what ability the store manager can have in making price decisions in relation to the manufacturer, or the consumer, or the retail organisation.

**Aim and contribution of the dissertation**

In an effort to further our understanding of the price decisions that a store manager can make, the aim of this dissertation is to explore the store manager’s autonomy in price decisions.

By taking the store manager’s perspective in relation to the price decision phenomenon, this dissertation contributes to the literature related to the micro-foundations of pricing, which, at its core, focuses on how individuals act rather than organisations. According to Hinterhuber and Liozu (2017), this line of research includes specific price decisions in combination with the freedom of setting prices within an organisation, which is also connected to the performance of an organisation.

Hinterhuber and Liozu (2017) argue that individual behaviours and the freedom of making decisions are of utmost interest. By using a mixture of qualitative and quantitative papers in relation to different price decisions, it is possible to discuss price decisions at the store level in relation to the retail organisation, the manufacturer, and the consumer. The reason for combining papers with different methods lies in creating a better understanding of price decisions from the store manager’s perspective, by allowing for store-specific performance measurements, as well as the store manager’s actual behaviour and perceptions. Thus, the perspective is not that price decisions solely concern the price set, but rather the connection between different price decisions and the outcome of price decisions, as
determined by the store manager. As a result, the potential freedom in making price decisions can be explored.

Because price decisions are a large part of both marketing and operational management (Constantinides 2006), choosing the store manager’s perspective, and, thereby, contributing to the micro-foundations of pricing provides further understanding of those closely related subject areas. First, since price can be understood as a key decision within marketing for the retail organisation (cf. Levy et al. 2004; Kopalle et al. 2009; Fassnacht and El Husseini 2013), this dissertation contributes to previous research that pertains to managerial decision-making in marketing, by combining several price decisions and exploring the autonomous nature of these decisions. Several researchers (cf. Diamantopoulos, 1991; Leone et al. 2012) have advocated taking a management perspective in price research, and Wierenga (2011) concludes that less than 5% of marketing research focuses on those who make marketing decisions. This lack of management perspective might be what Özer and Phillips (2012) have in mind when they claim that the assumptions made within price research about decision makers are often too simplistic.

Since the micro-foundations of pricing are built on a combination of price decisions and store performance from the individual’s perspective, it becomes important to discuss who makes the decisions, how decisions are made, and the characteristics of price decisions. By focusing on a single type of retail organisation and its store managers, it is possible to present a more accurate explanation of retail pricing (cf. Mulhern and Leone 1991; Fassnacht and El Husseini 2013), or retail decisions in general (cf. Dant and Brown 2008), by exploring an individual’s acted behaviour. In addition, by viewing price decisions from the store manager’s perspective, the ability to make price decisions can be explored in relation to the triad, in which both the manufacturer and consumer become important to consider, which leads to a more holistic explanation of how price decisions are made.

By examining the role of the store manager in relation to the manufacturer-retailer-consumer triad, it is possible to contribute with an understanding of the autonomous relationships that exist, or do not exist, in relation to the retail organisation, the manufacturers, and the consumers, from the perspective of the store manager. In this way, contributions relate to both business-to-business research and business-to-consumer research.

As for the practical contributions, using the store manager’s perspective can provide insights into how the store manager’s autonomy can influence the price decision made within a retail organisation. In addition, the
dissertation contributes to a deeper exploration of the store manager’s complex decision-making situation, where he/she becomes an important individual in the discussion in relation to both the manufacturer, the consumer, and the retail organisation. This dissertation also shows that the differences in store-level outcomes make price decisions even more difficult to decide upon, when the store manager is restricted in his/her autonomy in price decision-making, especially if the store manager resists what the retail organisation decides upon.

The structure of the dissertation

This dissertation consists of five appended papers and this cover paper. Up until this point in this dissertation, the focus has been on the complexity of price decisions, and in which way the store manager, in previous research, is considered as the individual making price decisions. In the next section of the dissertation, a discussion is presented, based on newspaper debates and other types of non-academic sources. This discussion and the ongoing debate highlight the concurrent issue of who is actually considered to make the price decisions within the grocery retail branch.

In the section following the concurrent debate, a theoretical departure exploring the store manager’s autonomy in price decisions is developed. This departure is based on two lines of research. First, price research concerning who makes the decision, how the price decisions are made, and the characteristics of price decisions. Secondly, a discussion is presented of the concept of autonomy, and its implications for the store manager in terms of price decisions.

Following the theoretical departure, a method chapter is presented. Here, it is explained and discussed how the five papers appending this dissertation help to explore how store managers can be autonomous in their price decisions. The different methods used in the individual papers are also discussed. Since the organisations involved in the different projects have been promised anonymity, the method section also contains a brief presentation of the Swedish grocery retail industry.

Following the discussion of the method applied in this dissertation, a section explaining the overall organisation of the three largest Swedish grocery retail organisations can be found. This is followed by summaries of the five appending papers.

After the summaries of the appended papers, a discussion is carried out of the store manager’s autonomy and how the aspects of price decisions, as illustrated in the theoretical section and in the different appended papers,
can facilitate exploring the store manager’s autonomy in relation to the manufacturer-retailer-consumer triad.

In the last section of the dissertation, the overall conclusions are presented, where both theoretical and practical implications of exploring the store manager’s autonomy in price decisions can be made. The section ends with suggestions for future research to further develop our understanding of price decisions and in which way the store manager’s autonomy in making decisions can be further explored.
The research context

As stated in the preamble of the dissertation, I have been involved in the grocery retail industry during the process of writing this dissertation, and I have often worked closely with the practical reality of retail managers, at both local store level and regional level. For me, as a researcher, it has been an interesting experience to get behind the scenes and acquire a sense of how price decisions are determined. Even for the public, there is an ongoing lively debate regarding who actually makes the price decisions.

The public debate - A matter of you, me, or someone else?9

The grocery retailing industry is often debated in what is termed as grey literature10. Even if the autonomy of price decisions is not the main focus, but rather who makes the decisions in general, the debate illustrates the uncertainty in the “who should be blamed game”, i.e. who is responsible for the prices that are set in the grocery retail industry. In combination with a strong emphasis on the retail organisation and the store manager, the price on the market is also often related to both the consumer and the manufacturer (cf. Nilsson 2012; Svensson 2014; Dewey 2017). Hence, the “blame game” is, in general, placed on the whole manufacturer-retailer-consumer triad where the store manager is perceived as a natural actor.

With regard to the consumer, Nilsson (2012) argues that consumers can influence local store managers in terms of local products, and Persson (2016) claims that the retail organisation can help promote local production of grocery products. Thus, it is perceived that the store manager is autonomous in relation to the same aspects brought forward in the introduction, namely local adaption. However, advocating local products would lead to a market with higher prices (cf. Nilsson 2012; Non-Inclusive 2014; Ingvarsson and Meyer von Bremen 2015; Ohlsson 2015; Persson 2016), which does not seem to occur either in Sweden or worldwide (cf. ...)

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9 Although most debate is chiefly based on the discussion in Sweden, the discussion occurs worldwide in relation to organisations, such as Aldi, Tesco, Lidl, and similar grocery retailers, and can thereby be considered as a current issue on a more general level.

10 Grey literature can be defined as published material that has not been academically peer-reviewed (cf. Adams, R. J., Smart, P. & Huff, A. S. (2016). See “Shades of grey: guidelines for working with grey literature in systematic reviews for management and organizational studies,” International Journal of Management Reviews, 00, 1-23., for an analysis of different types of grey literature.
Johannisson et al. 2011; Ohlsson 2015; Persson 2016). However, as with previous research discussed in the introductory chapter, the public debate does not mention price decisions per se at this point. Although nothing specific is mentioned regarding the store manager per se, the discussion indicates that the consumer can influence the retail organisation’s decisions rather than the other way around. If this were applied to price decisions, it would suggest that the consumers are those responsible in the “blame game”.

In contrast, another perspective in the debate indicates that the retail organisation ought to have autonomy vis-à-vis the manufacturer, since the retail organisation can decide to promote local products. It is often argued that it is the grocery manufacturers and the political drive for locally produced and manufactured products that can bring about a change in the grocery retail industry (cf. Cederberg 2013; Ohlsson 2015; Lööf et al. 2016), regarding both the product and price of the product. In relation to the latter, as suggested by Berge (2016), the manufacturer of different grocery products states that they do not decide on the price in the store, as that is the retailer’s decision. Who the retailer is in this instance is unclear, but it can be related to both the retail organisation and the store manager.

In line with this, Råd & Rön (2016), a consumer-focused newspaper that independently tests consumer products on the Swedish market, points out that the price level of specific products is the responsibility of the retail organisation and not the manufacturer, and that all actors are free to set the price they want on the market. Clearly, manufacturers argue that the retailers are autonomous in relation to the manufacturer, and this view is supported by Råd & Rön. Hence, in the relationship between the manufacturer and the retailer, the retailer is implied to be autonomous in his/her price decision-making, since they occur within the premises of the store. As such, this highlights the debate that supports the view that the store manager is the one responsible in the ““blame game”, since he/she makes the decision. This is interesting, since most previous research does not assume that the store manager makes the price decisions.

Another line of argument in the debate that indicates the autonomy of the retail organisation vis-à-vis the manufacturer is the long-standing and ongoing development of the retail organisation’s own brands or labels (cf. Cederberg 2013; Bränström 2015a, 2015b; Bose 2017; Giammona 2017), which is argued to provide an advantage for the retail organisation in relation to the manufacturer (Bränström 2015a, 2015b). This is achieved through an optimisation of the retail organisation’s own supply chain.
(Dewey 2017), which provides an opportunity for a more flexible relationship with the manufacturers (Cederberg 2013). Thus, this line of debate is based on the retail organisation outgrowing the need for the manufacturer, and it is within this process that the retail organisation becomes autonomous in conjunction with the manufacturer. As a result, the retail organisation is the one blamed in “the blame game”.

The view that the retail organisation can optimise his/her own business practices, in terms of deciding on prices, might be the reason Karlander (2015) maintains that it is the retail organisation who has the capability of saving the national and local production of grocery products. However, what is missing in this debate is the perspective of the store manager, where the retail organisation’s brand or private label ought to be perceived by the store manager as any other manufacturer brand.

Although much of the debate focuses on decreasing the price of products and that the retail organisation rather than that the store manager does this, it is important not to focus, solely, on lowering the prices. Instead, consider what The Economist (2013) argues regarding the possibility for the retailer, once again an undefined actor, to raise the price of a product under these conditions. It becomes especially important to make clever price decisions that do not drive away the consumer, but are sufficiently sustainable for the company (Economist 2013). Making clever and more profitable pricing decisions depends, to some degree, on flexibility in the implementation and risk-taking ability of the retail organisation (cf. Karolefski 2016; Adams 2017), or the store manager. Hence, if the store manager can facilitate saving the production of local manufacturers, there ought to be some freedom, i.e. autonomy, in price decisions as well. However, as discussed in the first section of this dissertation, this perspective is not acknowledged by previous research.

**Why is grocery retailing a suitable industry to study in relation to store managers’ autonomy in price decisions?**

The grocery retail context is fascinating, due to its high pace and current structure development. The different branches within the retail industry differ in structure, technology, competition, and culture, which means that the local phenomena most likely also differ. The decision to explain

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11 See e.g. Jansson’s (2013) study of how a business changed its pricing and business model.
autonomy in terms of price decisions within grocery retailing resides in the characteristics of the products sold in this retailing branch.

Most products sold through this type of retail organisation, through the stores within specific chains, have a high-, or medium-level of consumption rate, which means that store-keeping units are moved from the retail organisation’s storage facilities at a moderate-to-quick pace (cf. Hübner, et al., 2013). Moreover, this means that the consumers are more likely to respond to the retail organisation’s, and, thereby, the store manager’s price decisions, especially if they are price conscious and act in accordance with price thresholds (cf. Gedenk and Sattler 1999; Groth 2001; Foug, et al., 2007). These two aspects, combined with the fact that consumers visit this type of retail store frequently, provide a good basis for exploring the autonomy of the retail manager’s price decisions vis-à-vis the consumer.

In relation to manufacturers, the grocery retail industry provides a good mixture of visible brands available on the market. Brands sold in a retail store usually range from the retail organisation’s own brand, to national brands, and international brands (cf. Ailawadi and Keller 2004; Johansson and Burt 2004; Fornari, et al., 2016). Hence, by using a context in which manufacturers and their brands are in direct (and visible) competition on the market provides a good basis for exploring the autonomy of the retail store manager’s price decisions.

Last, but not least, using the grocery retail branch as a research context is interesting when exploring the autonomy of a retail store manager’s price decision in relation to the retail organisation, since many grocery retail organisations worldwide have developed into large actors, where market competition has changed significantly over the past thirty years, or so (cf. Burt 2010). It is especially interesting since it is a branch of the retail industry in which the retail organisation could be argued to be the strongest actor vis-à-vis the manufacturer and the consumer. However, as seen from the public debate, the store manager can also be perceived as an actor who can play a role in shaping this particular retail branch.
Theoretical departure

This chapter is subdivided into two main areas: one covering previous research on price decision, so as to position the dissertation and indicate the research gap; the second area introduces the perspective of autonomy, and theoretically juxtaposes this vis-à-vis price decisions.

Overview of price research

Price phenomenon has been of interest for researchers for centuries (cf. Diamantopoulos 1991; Grewal and Levy 2007; Ailawadi et al. 2009; Kienzler and Kowalkowski 2017). The retailing industry, to a large extent, is built on price competition, where price is a key component of the marketing mix (Levy et al. 2004; Kopalle et al. 2009; Fassnacht and El Husseini 2013), and price decision is assumed one of the most complex decisions to make in the retail situation (Zielke 2010). Therefore, to be able to explore the store manager’s autonomy in making these complex price decisions, it is necessary to review price research on the basis of who makes the decisions, how decisions are made, and the characteristics of price decisions.

Who decides on the price?

Who decides on the price in retail organisations can be considered as a dual debate, one in which the retail organisation at a centralised level makes the price decisions, and one in which the store manager makes the price decisions.

In the first line of research, it has been argued that it is higher-level managers who make the price decisions (cf. Homburg et al. 2012; Simonetto et al. 2012; Carricano 2014; Watson et al. 2015). Here, Homburg et al. (2000) conclude that price decision-making has become so strategically important for retail organisations that it has merited its own functional unit, thereby, reporting directly to higher management levels. In addition, Watson et al. (2015) argue that the local adaption of price decisions has diminished over time to give way to pricing experts, who are almost passive in their decision-making, which is most likely due to the complexity of making price decisions today (Watson et al. 2015).
The argument that the retail organisation, at a centralised level, makes the price decisions is also pointed out by researchers on retail purchasing\(^{12}\) (cf. Johansson 2002; Johansson and Burt 2004; Bandyopadhyay et al. 2009; Watson et al. 2015). Watson et al. (2015) argue that the purchase function in the retail organisation has a tendency to believe that it is they who make the price decisions (Watson et al. 2015). Here, purchasers are those who have a connection with the manufacturers at a central level. Bandyopadhyay et al. (2009) imply that the retail organisation can make price decisions in close connection with the manufacturer, which is supposed to be of benefit for the retail organisation when setting the price for a product category. Hernant (2009), on the other hand, points out that store managers can, in fact, influence the purchasing decisions made to manage the performance of the store, and, thereby, the price set for a product. Although Nagle and Müller (2018) also claim centralisation of price decisions as favourable, they state that lower-level management, such as the retail store managers, still make price decisions. However, as pointed out by Johansson and Burt (2004), the purchasing process differs between retail organisations, and the store managers can influence this process, to some degree.

This leads to the second line of research found in the literature, namely that in which the store manager is actually the one making the price decisions (cf. Lusch and Jaworski 1991; Chang and Harrington Jr 2003; Mitronen and Möller 2003; Hernant 2009). Here, Hernant (2009) assumes that the store managers, likewise the owner of the store, all make decisions of a tactical and strategic character, and that the degree of centralisation is low within the retail organisation. As a result, all stores within a retail organisation or chain have, according to Hernant (2009), different price strategies and price tactics implemented. In line with this, Watson et al. (2015) and Mitronen and Möller (2003) and Hernant (2009) all recognise that a local adaption of price strategy takes place when the store manager can make decisions, usually to adapt locally and make the store competitive in the local market.

Regardless of which perspective one agrees with, i.e. whether it is a pricing specialist, a purchase manager, or the store manager who makes the decisions, the result is that the price decision situation becomes diffuse in terms of who actually makes the price decisions in the end. Here, Watson

\(^{12}\) Purchasing has been long since closely connected to the price decisions made within an organisation, see e.g. Georgoff, D. M. (1972). Odd-even retail price endings. *East Lansing, MI: Michigan State University*, for a discussion.
et al. (2015) point out that insecurity, in combination with a complex decision situation and an unsure outcome of price decisions, can lead to hesitation in making price decisions. If there is uncertainty in who makes the price decisions within the retail organisation, due to the complexity of the price decision-making process in relation to organisational uncertainty, it is fully possible that price decisions can be made by the store manager, since they, too, are a part of the retail organisation.

**How are the decisions made?**

How price decisions are made is necessary to consider since the decisions situation is complex. In relation to how price decisions are made in practice, Bogomolova et al. (2017) show that intuition tends to lead the price decisions made within grocery retailing, even if those making the decisions lack empirical evidence. The reliance on intuition, or implicit knowledge, is also evident in Watson et al. (2015), but they add that this lack of certainty can lead to passivity in price decision-making, which, in turn, leads to pricing inertia, customer-less pricing, and enforced symbiosis. This implies that at the point of price decision-making, pricing specialists, or purchase managers at a central level, are hesitant to make changes, and Watson et al. conclude that in the grocery retail industry there is a drive to retain the status-quo. This means that those making the price decisions keep making the price decisions that they usually make.

Another perspective of this tendency to hesitate is what Watson et al. (2015) point out in relation to how price decisions are made in practice, namely, that power relations interfere with the price decision to be made. Bandyopadhyay et al. (2009) argue that price decisions can be related to the use of a category captain from the manufacturer, which is understood to be of benefit for the retail organisation when setting the price for a product category. A category captain often works at one of the manufacturers within the product category and has, as his/her main task, the goal of ensuring that the whole product category is maximised. This might be why price decisions related to the product category have been indicated to be favourable when they are centralised and made by a higher-level manager (cf. Grewal and Levy 2007; Kamakura and Kang 2007; Pancras et al. 2013). Here, Hernant (2009) points out that store managers can, in fact, influence the purchasing decisions made to manage the performance of the store, which would imply that the store manager could also influence the price set for a product.

In relation to strategic price decisions and their nature, validation of this particular type of price decision is seldom done. With the exception of
Bolton and Shankar (2003), most price studies pay little or no consideration to strategical price decisions when validating price decision-making within retailing. The considerations made are usually in relation to the consumer (Kopalle et al. 2012), the manufacturer (Kamakura and Kang 2007; Sigué 2008; Bandyopadhyay et al. 2009), and, at times, the retail organisation’s own private labels (Kamakura and Kang 2007; Olbrich and Grewe 2013), or store formats (Gauri 2013). This implies that validation, as seen by the store manager, also is necessary for them.

No matter what focus research of a strategic nature has, the main problems here are of the coordination issues that Nagle and Müller (2018) bring forward as crucial for strategic price decisions. The problem with not considering strategic price decisions at the store level is, according to Mitronen and Möller (2003), that tensions can arise between the decisions that the store manager makes and those that the retail organisation, as a whole, makes. Here, the problem of analysing outcomes of a retail organisation’s decisions lies in the implementation of a particular decision, and what an individual can control for during the implementation (Kopalle 2010). In combination with Hernant’s (2009) argument that the store manager is responsible for the store performance, this implies that the responsibility of implementing price decisions is that of the store managers.

In addition, Watson et al. (2015) point out that the stores are based in different price zones\(^{13}\), which leads to the outcome of the price decisions being no longer beneficial for the retail organisation. Combining the thoughts of price zones and insecurities about who makes the decisions, with the aspects of store level and chain level differences, implies that price decisions are made in relation to more local aspects than those of the retail organisation, i.e. in relation to the store manager.

Mitronen and Möller (2003) argue that price decisions are made to account for store-level differences as well as chain-level differences, and that outcomes, thereby, should be made with these differences in mind. The same can be argued for in relation to how to make price decisions of a different nature. In examining how price decisions are made, it is important to consider that price decisions have both a strategic and tactical nature, and that these are highly interrelated (cf. Rao 1984; Diamantopoulos 1991; Ingenbleek 2002; Carricano 2014), since they depend on each other.

Tellis (1986), as one of the forerunners in price research, argues that interrelated decisions include using the objectives related to the market, and

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\(^{13}\) See list of definitions for an explanation of what price zones are.
creating deals within that market, as well as considering the company objectives in setting price strategy (Tellis 1986). Hence, the nature of the strategic and tactical price decision, and, thereby, how it is made, is related to ensuring that there is an efficiency in how consumers are segmented at a local level through price offerings, without losing track of the overall strategy of the retail organisation. From another perspective, this is explained in a more emergent way by Bolton and Shankar (2003), and Shankar and Bolton (2004), who maintain that it is the local market offerings that create the price strategy for the retail store or the retail chain. In line with this, Kumar et al. (2017) show that strategic decisions for the retail organisation can be related to different organisational levels, one of which is that of the store.

In concurrence with Mitronen and Möller’s (2003) view that price decisions are made in relation to store or chain level aspects, the connection between price strategy and price tactic implies that a store manager, when making a price decision, needs to account for the strategy set at both the store and the chain level when making tactical price decisions. This is the case if it concerns both keeping to a set price strategy, and shaping a new price strategy, or when implementing price decisions (cf. Hwang et al. 2011), since it can be assumed that strategy/tactic influences tactic/strategy. Despite these issues of compatibility between a strategic and tactical price decision and the decision makers’ hesitation when making price decisions, it can be argued that price decisions can be based on one overall aspect: the effects of a price decision.

One of the most common assumptions to make regarding how a retail organisation makes price decisions, as pointed out above, is related to the outcome of the price decisions. Here, it is often assumed that price decisions are made to maximise an outcome, for example, sales volume, profit, revenue. However, there are also assumptions that price decisions will result in a satisfactory outcome, and, at times, the magnitude of the outcome of the price decision is unclear in retail price research. The outcome, often measured in terms of increased sales volume, profit, or revenue, is made on the basis of the retail organisation, or, in the case of this dissertation, the store manager, expecting a positive outcome from his/her perspective,
regardless if the price decision made is expected to maximise, satisfy, or even bring about any effect\textsuperscript{14}.

When considering the effects of a price decision, store- or chain-specific aspects are often considered as important determinants for the outcome of a price decision (cf. Kopalle et al. 2009; Gauri 2013). These aspects are often related to the retail organisation’s own business, and can be both store-specific and chain-specific. Here, intra-channel competition between brands and products, i.e. market share of a product or brand, complementary and/or substitute products within the store premises, or the chain (cf. Kopalle et al. 2009; Gauri 2013; Carricano 2014), is usually emphasised as a way of estimating the outcome of a price decision. Thus, the store manager’s entity, for which he/she can make decisions in relation to, is at least implicitly assumed to be accounted for, when retail organisations make price decisions to influence the market.

Regarding how price decisions are made to influence the market, the retail organisation cannot control for these, since the market can be anything from consumers, to local competition, to manufacturers (Duke 1994; Mitronen and Möller 2003; Kumar et al. 2012). According to Gauri (2013), these aspects are not in the control of the organisation, and, thereby, not relevant for the store manager either. As a result, one could argue that intra-channel aspects, exclusively, are considered when a price decision is made. However, to disregard such things as the consumer’s or manufacturer’s that the retail organisation is not in control of, is, however, not advisable. Here, Duke (1994) and Kumar et al. (2012) both point to the need to locally adapt to the market, which, according to Mitronen and Möller (2003), is a price decision that the store manager can make.

In this situation, it is important to note that price decisions made are often highly visible in the market, and price comparison is easier today than previously (Ingenbleek and Lans 2013). Thus, to make both strategic and tactical price decisions, a store manager needs to take into consideration the price strategies set within the organisation, while accounting for the intra-channel competition within the store, possibly by influencing the consumer and controlling the manufacturer to become competitive in the local market. However, to be able to do this, the store manager needs to account for the characteristics of different price decisions, which will be discussed below.

\textsuperscript{14} For a deeper discussion and analysis regarding the maximising, satisfying, and unclear assumptions, please see Lugin, M. (2015). Assumptions of Retail Price Strategy and Price Tactic Decisions. Licentiate Compilation, Örebro University.
What characteristics has a price decision?

The characteristics of the retail organisation’s price decisions have been described in several different ways in previous literature (Rao 1984; Tellis 1986; Bolton and Shankar 2003; Kopalle et al. 2009; Fassnacht and El Husseini 2013; Ingenbleek and Lans 2013). To keep a somewhat general level in this dissertation, the characteristics of price decisions is divided into decisions that are related to the strategy set for the store, the price that appears on the price tag and discounts in general (see Table 1, below). Although this overview does not represent a comprehensive review of all studies conducted, it does reflect the focus of the characteristics mirrored in retail price research.

Store strategy as a price decision is an instrument that increases a store’s competitive position and is often described as the store or chain format (cf. Bolton and Shankar 2003; Levy et al. 2004; Pechtl 2004; Gauri et al. 2008; Kopalle et al. 2009; Olbrich and Grewe 2013). Given the focus on increased competitive position, this type of price decision is most likely strategic in nature from the beginning. The characteristics of this price decision are related to other store-specific aspects, such as the type of store. Here, aspects like size- and price format become important considerations when store strategy is discussed. This, in turn, has implications for the product assortment that a store carries, which will influence how the store differentiates itself on the market.

Price tag decisions are price decisions that are connected to the products within the store premises. The characteristics of price decisions reside in the connection between different products within the retail store, which in relation to the whole store creates the price level for the store. The connection between deciding the price tag is based on intra-channel competition (cf. Zenor et al. 1998; Ailawadi and Keller 2004; Hall et al. 2010; Olbrich and Grewe 2013; Cardinali and Bellini 2014), where issues like substitute and complementary effects between products and brands become important. For example, a price decision regarding toilet paper from manufacturer X needs to be analysed in relation to toilet paper from manufacturer Y, as well as tissue paper from manufacturers A, B, and C. Price decisions that have intra-type competition characteristics are often related to brand management and category management decisions. For that reason, it indicates who, arguably, makes the price decision, namely, higher-level managers. These aspects are also relevant for the discount decisions discussed below, and is a more detailed explanation of the intra-channel competition discussed earlier.
Table 1. The characteristics of price decisions

<table>
<thead>
<tr>
<th>Characteristic of decision</th>
<th>Examples of studies</th>
</tr>
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<tbody>
<tr>
<td><strong>Store strategy</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Price tag</strong></td>
<td></td>
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<tr>
<td><strong>Discounts</strong></td>
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</tbody>
</table>
Discounts are price decisions that are primarily consumer-focused and used as a means of increasing the sales volume of a product, or a product category. These decisions are characterised by their aim to discriminate between consumer groups, in one way or another (Rao 1984). The fact that price decisions are related to consumers is often connected to the behavioural aspects of consumers (Levy et al. 2004; Kopalle et al. 2009), where the basis of the decision relies on the expected behaviour of the consumer. Here, short-term offerings in the form of discounts, rather than creating a price level for the store, or positioning itself on the market, is the phenomenon in focus. Regardless of how one chooses to define a short-term offering, the intention with this type of decision is straightforward. The price decision to be implemented aims at increasing, for example, the sales volume of a product or a brand.

What can we learn from the overview of price research?
From this overview, it is evident that price decisions are mostly assumed to be made by a centralised unit rather than the store manager, no matter how decisions are made or their individual characteristics. In addition, insecurity in the outcome of price decisions, no matter if it is a strategic or tactical decision, seems to be an obstacle in making price decisions for the retail organisation. In comparison, the aspects of price zones, store performance, and store-specific intra-channel competition, however, indicate that the store manager could, theoretically, make decisions.

Although this overview indicates that the store manager’s price decisions are made in relation to a single market, researchers do not explain in which way, or why, except for the fact that the store manager is only responsible for his/her own store. Hence, to further our understanding of what price decisions a store manager can make, the strategic and tactical decisions need to be considered as embedded, not only in relation to the store manager’s own store, but also in relation to the retail organisation, the manufacturer, and the consumer. Embedding a decision in relation to other actors makes autonomy an important question, since it concerns freedom in making a specific decision, without the constraints of other actors.

The concept of autonomy
Before explaining the more general definitions of autonomy, the definition of the store manager’s autonomy is discussed.
A definition of the autonomy of the store manager

In this dissertation, autonomy is defined as the ability to make decisions vis-à-vis other actors. The definition implies that the store manager has some degree of independence in the decision-making process, and that an individual store functions as its own unit within the retail organisation (cf. Dev and Brown 1990). Thereby, the focus is on the ability of the store manager to make autonomous decisions. This ability is related to possible restrictions from the environment e.g., consumers and manufacturers (cf. Roloff and Aßländer 2010), as well as to what extent decisions are autonomously dispersed within the organisation (cf. Mitronen and Möller 2003; Young and Tavares 2004; Homburg et al. 2012). This means that the freedom that the store manager does have, or could have, is to make independent decisions vis-à-vis the retail organisation, the manufacturer, and the consumer. As such, autonomy provides a means for understanding the store manager in the manufacturer-retailer-consumer triad (Moreau et al. 2001), which is thereby expanded with the store manager as an individual actor vis-à-vis the others (see Figure 1, below).

Figure 1. Relations in which autonomous decisions could take place

Since autonomy relates to the retail store manager’s ability to make price decisions, Figure 1 is developed throughout this subchapter to discuss the potential ability that the store manager can have within the triad. Since it can be assumed that price decisions are made to achieve a stated objective of the retail organisation, it can, in relation to the store manager, be assumed that price decisions are made to reach their stated objective: the store itself and its performance. The degree of the store manager’s autonomy in making price decisions could be expected to differ, depending on whether or not the price decision is related to the retail organisation, or the consumer and the manufacturer. Placing the store manager at the forefront for making autonomous price decisions leads to the consumer and the manufacturers being faced with two retail actors, i.e. the store manager.
and the retail organisation. However, to be able to explore the autonomy in relation to these actors, it is first necessary to consider what the concept of autonomy can imply at a more general level than solely the ability to make a decision.

**Definitions of autonomy**

Although not always conceptualised as autonomy, the freedom in making decisions has been defined in a plethora of ways in previous studies (see Table 2 below, for a brief overview).

An individual’s or organisation’s ability in making autonomous decisions depends on the independence or freedom in making the specific decisions (Verhoest et al. 2004; Barnabas and Mekoth 2010; Roloff and Aßländer 2010; Homburg et al. 2012; Gard et al. 2013; Linder 2016). The restrictions on making autonomous decisions are set by an organisation to prevent behaviour that contradicts the overall objective (Hirshleifer 1957). The level of autonomy is established by creating strict rules limiting the ability to make decisions, and increasing the possibility of checking that these rules are followed (Roloff and Aßländer 2010), thereby, increasing the control of those who do not have the autonomy of making a specific decision.

**Table 2. Definitions of freedom in making decisions in previous studies**

<table>
<thead>
<tr>
<th>Author</th>
<th>Focus of the definitions</th>
<th>Industry focus</th>
</tr>
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<tbody>
<tr>
<td>Linder (2016)</td>
<td>Autonomous strategic actions allow the freedom to venture on new business ideas that lie outside the scope of an organisation.</td>
<td>Consumer goods</td>
</tr>
<tr>
<td>Gard et al. (2013)</td>
<td>Autonomy is a multidimensional concept and relies on the independence of making decisions related to different functions within the organisation.</td>
<td>Multinational and small- to medium-sized organisations</td>
</tr>
<tr>
<td>Gammelgaard et al. (2012)</td>
<td>Decision rights on the subsidiary level of operational and strategic decisions. In addition, decisions related to intra- and inter-relationships.</td>
<td>Multinational organisations</td>
</tr>
<tr>
<td>Authors</td>
<td>Description</td>
<td>Organization</td>
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<tr>
<td>---------------------------------</td>
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</tr>
<tr>
<td>Homburg et al. (2012)</td>
<td>Independence in price decisions of local sales people, in relation to central sales management (vertical delegation). Independence can also occur cross-functionally (horizontal dispersion) and can adjust for negative outcomes of vertical delegation.</td>
<td>Manufacturers of business to business products</td>
</tr>
<tr>
<td>Sengul et al. (2012)</td>
<td>Delegation of decision rights can be based on the competitive environment as well as a reason to ease implementation and formulation of strategies.</td>
<td>N/A</td>
</tr>
<tr>
<td>Roloff and Aßländer (2010)</td>
<td>Independently making decisions and acting as an organisational entity, to set and execute company objectives of an internal character, while controlling individuals’ behaviour.</td>
<td>Business-to-business relationships</td>
</tr>
<tr>
<td>Barnabas and Mekoth (2010)</td>
<td>An organisation’s freedom to make significant decisions without the need for consent from others.</td>
<td>Bank retailers</td>
</tr>
<tr>
<td>Hernant (2009)</td>
<td>There are no centralised decisions and therefore no uniformity of strategies or mark-ups between stores.</td>
<td>Grocery retailers</td>
</tr>
<tr>
<td>Andersen (2004)</td>
<td>To what extent a manager can influence the strategic direction or take new initiatives.</td>
<td>Manufacturers</td>
</tr>
<tr>
<td>Verhoest et al. (2004)</td>
<td>Autonomy is a multidimensional concept and relates to decision-making competencies as well as constrains in using these decision-making competencies. Freedom varies from low level of autonomy and high-level constraints to high level of autonomy and low level of constraints.</td>
<td>Public organisations</td>
</tr>
<tr>
<td>Young and Tavares (2004)</td>
<td>Autonomy is actions possible within the given frame that is determined by both delegation and authority, where autonomous actions should always be value adding.</td>
<td>Multinational organisations</td>
</tr>
<tr>
<td>Brock (2003)</td>
<td>To what degree a manager or subsidiary can make decisions without permission from others. It concerns the decision-making ability.</td>
<td>N/A</td>
</tr>
<tr>
<td>Mitronen and Möller (2003)</td>
<td>A balance between centralised efficiency in decision-making for the retail organisation, and autonomous actions to adapt at the local level.</td>
<td>Retail organisation</td>
</tr>
</tbody>
</table>
Making autonomous decisions can be argued to be based on the delegation made within the organisation (Young and Tavares 2004; Hernant 2009; Homburg et al. 2012; Sengul et al. 2012), and the ability of making decisions without constraints (Brock 2003; Verhoest et al. 2004; Barnabas and Mekoth 2010; Roloff and Aßländer 2010; Gammelgaard et al. 2012). In addition, Andersen (2004) argues that autonomy in decision-making pertains to some influence in the strategic decisions, while Mitronen and Möller (2003) argue that autonomy in decision-making is based on the need for local adaption.

Autonomy can also be understood as a multidimensional concept, as argued by Gard et al. (2013), Young and Tavares (2004), and Andersen (2004), and not just a general statement on the level of freedom in making a decision due to delegation and dispersion of decision properties within an organisation. Delegation is then only one part of the concept of autonomy that needs to be thought of in relation to the ability of making a certain decision. In their goal to provide a more nuanced view of autonomy when investigating international companies, Gard et al. (2013) suggest that autonomy can be viewed from four different perspectives: decision autonomy, functional autonomy, structural autonomy, and strategic autonomy, all of which are defined and discussed below.

**Decision autonomy** is related to aspects of centralisation and decentralisation, since it concerns the authority of low-level managers to make decisions in relation to their own position. If the decision autonomy is high, it is most likely because it is necessary for an individual within the organisation to react quickly while being able to collect and assimilate knowledge regarding a specific market. The decision autonomy can vary within an organisation, since it concerns the level of authority that is dispersed throughout the organisation to facilitate decisions that lead to the unit locally adapting to the market.

**Functional autonomy** is related to how resources are divided between functions, for example, marketing, sales, etc., in relation to the whole centralised unit within the organisation. The functional autonomy of making a decision depends on whether or not the decision that the function is to make is considered as an operational (tactical) or strategic issue by the organisation, and can therefore vary within an organisation. If the decision to be made is close to where the market interaction takes place, it is argued that the function should have a high degree of operational autonomy, while the opposite is argued for when a decision is considered
strategic, i.e. long-term. The logic is that it is in the market interactions that the necessary knowledge is assembled.

*Structural autonomy* is related to the authority to coordinate different aspects within the unit, without the consent of higher managers. What this implies is that a high degree of structural autonomy provides an individual with the possibility of independently setting and influencing the strategy for the unit. Here, a lower-level manager is assumed as suitable to have a high degree of structural autonomy, since the decisions made can improve the unit’s performance with the help of local knowledge.

*Strategic autonomy*, which is related to how the lower-level managers can make strategic decisions, is related to whether or not a lower-level manager has the authority to make strategic decisions without restrictions from high-level managers, or if the low-level manager simply can influence the strategy. The degree of freedom in decision-making is also dependent upon the level of independence and delegation within an organisation (cf. Verhoest et al. 2004; Sengul et al. 2012). Autonomy is then a matter of making decisions for one’s own unit (Young and Tavares, 2004), and decisions can be made without retributions from higher management levels (cf. Andersen 2004; Verhoest et al. 2004). A high degree of strategic autonomy allows for control and freedom, which can provide new ideas to emerge within the unit. If strategic autonomy is combined with functional autonomy in such a way that there is a high degree of both, then Gard et al. (2013) state, it is a strategic issue.

In this case, Verhoest et al. (2004) indicate that a manager has a high tactical and strategic autonomy, in which decision-making is possible, and no constraints are set from higher positions in the organisation. As such, and in relation to price decisions, this indicates that some type of decentralisation and responsibility for coordinating the store as a unit has to be evident in relation to price decisions, if the store manager is to be able to make autonomous decisions, as suggested, for example, by Hernant (2009), and Mitronen and Möller (2003).

If the strategic decisions can take place at a lower level, since the lower-level managers have the authority to make these decisions, Gard et al. (2013) argue that this nuance of *strategic autonomy* leads to a more innovative culture, in which fully autonomous decisions can be made. However, this autonomy can be restricted in terms of solely enabling a participating strategy-making process (Gard et al. 2013), or fully restricted, as is the case with centralisation. Here, Verhoest et al. (2004) argue that tensions within an organisation can be the result of a misinterpretation of
the degree of autonomy dispersed within the organisation. Hence, if tensions in making decisions occur, it is likely that they can be due to a misinterpretation of one or more of the different types of autonomies.

In the few studies covering retail research, price decisions, and autonomy, in particular, Hernant (2009) argues that the store managers have full autonomy in making all types of price decisions, while Mitronen and Möller (2003) argue that the store manager can make some price decisions to bring about adaptations on the local market. In the meantime, Linder (2016) suggests that autonomy in strategic decisions can lead to competitive advantages not usually within the scope of the retail organisation. The distinction between the different perspectives can be seen as one relating to the concept of delegation.

In relation to the concept of delegation, Homburg et al. (2012) argue that the freedom of making price-tactical decisions is usually vertically delegated, i.e. decentralised within the organisation, while strategic decisions are horizontally dispersed in the organisation on a more centralised level. As such, this suggests that Gard’s et al. (2013) dimension of decision autonomy, when relating it to price decisions, can be dispersed differently within the retail organisation. Hence, this line of reasoning suggests that the view of the differences between vertical and horizontal delegation of price decisions is a similar view to that suggested by Mitronen and Möller (2003), where they assume that the store manager has the ability to make price decisions adapted to the local market, given the already set strategy for the chain. As such, this is opposite to the view on full freedom presented by Hernant (2009) and Linder (2016), in which a more innovative behaviour is allowed, and implies a connection to the other dimensions that Gard et al. (2013) bring forward.

What characterises the discussion so far is a matter of how the organisation might choose to restrict, or not, a lower-level manager in making a price decision. However, since price decisions are highly visible in the market, and it is assumed in this dissertation that the store manager is embedded in the retailer-consumer-triad, it is necessary to consider in which way the environment can facilitate, or restrict, an individual or organisation in making decisions.

Restrictions on an organisation, or actor, in making autonomous decisions are related either to organisational and/or environmental conditions (Roloff and Aßländer 2010), and can be related to the level of control held over an actor, constraining a particular actor’s decision-making abilities (cf. Verhoest et al. 2004). Here, Roloff and Aßländer (2010) argue
that restrictions can occur through a relationship, since there is a powerdependent situation. Thus, they argue that an individual’s or organisation’s autonomy can be forsaken when entering a contractual agreement, since it is assumed to be of benefit for both parties. In this situation, they also argue that it is not feasible to assume that one party is more autonomous than the other is, but instead suggest that it is a matter of balancing the autonomy of two units. In relation to both the manufacturer and consumer, Young and Tavares (2004) argue that this depends on whether or not a unit is embedded within the local context, and to what degree autonomous decisions are possible in relation to the local arena.

It is due to the restrictions within the organisation and in relation to other actors that Ogbonna and Wilkinson (2003) suggest that the autonomy of a store manager can be undermined. Thus, autonomy cannot be explored without considering other organisational actors (cf. Verhoest et al. 2004; Young and Tavares 2004), as well as the individual’s connection to other actors (cf. Roloff and Aßländer 2010). For the store manager, this suggests that it can be the retail organisation’s set policies that are expected to be followed. It also suggests that the manufacturer or consumer influences the store manager in his/her ability to make decisions. Hence, the relationship that the store manager has with manufacturers and consumers is implied as being of utmost importance. As such, the possibilities of being autonomous in making price decisions for the store manager, and potential restrictions due to the retail organisation, the manufacturer, and the consumer, are further explored in relation to Figure 1 previously presented.

**The possibilities for store managers to be autonomous**

In a dynamic environment, such as the grocery retail industry, Andersen (2004) argues that a lower-level manager, with the ability to make decisions, contributes more to the economic performance of an organisation than a manager who has no ability. This indicates that if the store manager is autonomous in making strategic and tactical price decisions, as suggested by Hernant (2009), and indicated by Lusch and Jaworski (1991), the store performance, as well as the retail organisation, would benefit from the store manager being autonomous in making price decisions. According to Lal (1986), this might be the case, especially if the lower-level manager has more knowledge in relation to the price decision to be made, in comparison with higher-level managers.

If the store manager is responsible for the performance of the store, it would imply that he/she has some degree of structural autonomy, since
Gard et al. (2013) suggest that this is related to the ability to coordinate aspects within the unit. As functional autonomy is related to how resources are divided into the different functions (Gard et al. 2013), this could then imply that store managers are autonomous in their decisions, if the store performance, and, thereby, the store functioning as its own unit, is considered as an important function.

The view presented by Hernant (2009) of the store manager’s autonomy in price decisions would imply that the store manager’s decision and strategic autonomy is rather high, since Gard et al. (2013) state that this concerns the centralisation and decentralisation within the organisation, as well as whether lower-level managers have the freedom to make strategic decisions. As a result, vertical control from the retail organisation, which refers to how strict a unit needs to follow the organisation’s policies and decisions (Dev and Brown 1990), is implied to be low if the store manager has the possibility to manage the store as its own unit. In this instance, Mitronen and Möller (2003) argue that price decisions at the store level are related to the local store conditions and its individual market actors. It is from this perspective that Hernant (2009) implies that a store manager can be able to increase store performance.

What this implies for the store manager’s autonomy in relation to the manufacturer is, at best, indecisive. According to Barnabas and Mekoth (2010), who studied bank retail managers and not grocery retail managers, the bank manager makes the decisions on what happens within the store premises, which can imply that the same is valid for the store managers within grocery retailing. Although of a highly interpretive nature, this indicates that implementation of any manufacturer-based decisions within the store premises, such as manufacturer discounts, could be related to the autonomy of the store manager when he/she makes price decisions. However, Grewal et al. (2011) argue that the retail organisation’s price-decision is more complicated than the manufacturer’s, due to the vast amount of store-keeping units in the assortment, which has previously discussed in relation to intra-channel competition.

Although the price literature on intra-channel competition seldom identifies which actor within the retail organisation makes the specific decision, the intra-channel aspects of price decisions would then be store-specific and concern what is happening within the store, in terms of brand switching, substitute products, and complement products. It is with this type of control that Barnabas and Mekoth (2010) argue that a retail organisation is autonomous in relation to the manufacturer.
In relation to the consumer, the store manager’s autonomy could be implied to be based on the possibility of influencing the consumer while in the store. The same reason applies here as was given in relation to the manufacturer: because the store manager is in control of the store. If the store manager is autonomous in relation to the retail organisation, the store manager chooses which price decisions to be implemented within the store premises, and, thereby, the influences which the consumer encounters while in the store. However, since it is usually assumed that price decisions are solely made to influence the consumer’s behaviour, e.g. through discount decisions (cf. Dhar and Hoch 1996; Zenor et al. 1998; Heilman et al. 2002; Fornari et al. 2016), this situation is so far highly speculative.

In relation to all the other actors, i.e. the retail organisation, the manufacturer, and the consumer, there could be restrictions in place, which could lead to the store manager’s autonomy in making price decisions being undermined, and this will be further discussed below.

**Restrictions due to the retail organisation**

In Figure 1 presented above, the two blue, blank arrows that run between the retail organisation, the manufacturer, and the consumer, illustrate restrictions in the store manager’s autonomy from within the retail organisation, which is explained by the grey arrow.

Since the basic nature of restrictions within the organisation can be argued to be based on the aspect of decision autonomy, and whether authority is dispersed within the organisation to increase the level of control (Hirshleifer 1957; Roloff and Aßländer 2010), this suggests that the retail organisation could place restrictions in relation to who makes the price decisions, how price decisions are made, and the characteristics of price decisions. For example, it is possible to ensure that prices are not set too high due to double marginalisation between two actors (usually the manufacturer and the retail organisation)\(^{15}\) (Sengul et al. 2012), where it implies that one actor makes the price decision, while the other actor sets his/her price decision (cf. Sudhir 2001). Therefore, if the retail organisation decides to limit the autonomy of the store manager, this implies it is done

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\(^{15}\) In retail markets where there is a low degree of competition at both the manufacturer and retailer levels, this is a common problem. As both level actors charge prices well above marginal cost, the final price to the consumer will be high and, in many cases, the total profits for both levels can be increased by reducing the price that the consumer faces, thus increasing sales volume.
by undermining the decision-making autonomy of a store manager by limiting the resources to make price decisions, which is closely related to the aspects of functional autonomy.

In relation to the retail industry, Mitronen and Möller (2003) argue that price- and other marketing-related decisions occur at the chain management level, as well as the store level. However, at the store level, Mitronen and Möller assume that price decisions are solely adapted towards the local environment (Mitronen and Möller 2003). This implies that, as Mitronen and Möller (2003) assume, the store manager’s strategic autonomy is restricted to solely concern tactical price decisions, i.e. short-term decisions. This line of reasoning is contrary to that of e.g. Hernant (2009) and Linder (2016). However, if the store manager has the freedom to make tactical price decisions, it indicates that the store manager could, implicitly, affect the price strategy since can be assumed to be interrelated to the price tactical decision.

When a retail organisation continues to grow in size, the autonomy of making price decisions can have restrictions in relation to the retail organisation, especially if it is a consumer-focused company, which grocery retail organisations can be considered to be. If this is the case, as Homburg et al. (2012) argue, this focus leads to decision-making at a centralised level, since specialised consumer knowledge is needed. What this implies is that when increased knowledge about the consumer is needed, the knowledge needs to be pooled and combined to be able to provide sound price decisions in large retail organisations. Following Gard’s et al. (2013) line of reasoning, this centralisation implies that the freedom and authority in making decisions are limited, and, as Brock (2003) argues, this suggests that price decisions within retailing are related to some sort of autonomous centralisation, linked to a managerial position.

Brock (2003) argues that retail organisations are highly management-oriented when it comes to setting prices. What this implies in relation to the store manager is unclear, but Brock (2003) argues that retail workers usually need permission to change prices. This means that depending on how the retail organisations view a store manager, as a worker or a low-level manager, influences whether or not the store manager is autonomous in setting prices. According to Mitronen and Möller (2003), a store manager has decision-making autonomy in relation to competing stores and local manufacturers, which, according to Hernant (2009), includes price decisions. However, Brock’s (2003) reasoning implies that this autonomy can be restricted, depending on the retail organisation’s view on the price
decisions as well as the store manager. The risk is, according to Mitronen and Möller (2003), that tensions within the retail organisation exist, since these, in relation to price decisions within grocery retailing, can be derived from at which level maximisation of decisions is assumed to occur.

If one assumes that the store manager is non-autonomous in his/her price decisions, which would apply if the store manager is solely treated as a worker in accordance with Brock’s (2003) definition, it also means that the central chain focus is on market-related issues, rather than aspects related to the retail organisation (cf. Roloff and Aßländer 2010). This line of argument would suggest that the sole aspects to consider are the consumer, the competitors, and the manufacturer, no matter whether it be a strategic or tactical price decision. This implies that national market shares, national competition, and chain-wide outcomes are more important than store-specific outcomes and local performance. Since too large a focus on market-related issues does not necessarily provide the outcomes that an organisation expects (cf. Liozu et al. 2014), it is thereby not evident that not giving store managers, as lower-level managers, autonomy is more beneficial than giving them autonomy (cf. Homburg et al. 2012, for the contradictory results in previous research, although almost no focus on retail organisation).

**Restrictions due to the manufacturer**

Restrictions adhering to the manufacturer are related to the power of the other actor/s (cf. Verhoest et al. 2004; Roloff and Aßländer 2010), and are illustrated in Figure 1, above, by the yellow arrow. In the relationship between the retail organisation and the manufacturer, it has been frequently discussed which of the actors has the power over the other (Moreau et al. 2001; Sigué 2008; Martín-Herrán et al. 2010), i.e. which actor is autonomous in the decision-making, and, thereby, can influence the other. However, the store manager is seldom viewed as an actor in that relationship, which makes a potential power-dependent relationship unclear.

In relation to the manufacturer, previous price research on retail organisations implies that the store manager, if autonomous in his/her decisions, manages the product categories (cf. Dhar et al. 2001; Aalto-Setälä and Halonen 2004; Lindblom and Olkkonen 2008), while maintaining a good relationship with the manufacturer (cf. Praharsi et al. 2014). From the perspective of the retail organisation, this relationship is managed by adjusting their own decisions towards the manufacturer (Lindblom and Olkkonen 2008; Allender and Richards 2012; Praharsi et al. 2014), to
develop the two organisations alongside each other (cf. Ailawadi and Harlam 2009; Bjerhammar 2011; Kumar et al. 2017).

Therefore, with regard to restrictions due to a manufacturer (cf. Roloff and Aßländer 2010), a potential relationship with the manufacturer thereby implies that a store manager, willingly, can give up some degree of autonomy in making price decisions. This reasoning is in line with the arguments regarding who makes the price decisions, and how price decisions are made when the retail organisation and manufacturer chooses to appoint a category captain from a manufacturer to manage the product category in the store (cf. Bandyopadhyay et al. 2009). However, it is important to remember that this cooperation is usually assumed to be managed by the retail organisation rather than the store manager.

Contrary to the perspective that the retail organisation can willingly give up some autonomy in making decisions, which implied that the store manager could behave accordingly, some researchers claim that the retail organisation is not autonomous in relation to the manufacturer (cf. Shankar and Krishnamurthi 1996; Gauri et al. 2008; Kopalle et al. 2009). Once again, the perspective used is not that of the store manager but rather the retail organisation. However, it can be assumed applicable in relation to the store manager, since the bases for decisions are similar to those of the retail organisation. Here, Bandyopadhyay et al. (2009) explain that a category captain can be a manufacturer with whom a retail organisation has a close relationship. Since this manufacturer then becomes important for the retail organisation, Hall et al. (2010) suggest that this is the only relationship considered important from the retail organisation’s perspective (Hall et al. 2010). This can be one reason why the pass-through rate of, for example, coupons, which are often the manufacturer’s discount decision (Kumar and Swaminathan 2005), is considered relatively high by the retail organisations (Ailawadi and Harlam 2009). In this situation, when the retail organisation becomes so close to the manufacturer, what is important is the mutual advantage and avoidance of opportunistic behaviour (Lindblom and Olkkonen 2008), i.e. focus should never be on one’s own business. If the same line of reasoning is applicable in relation to the store manager as the one making the price decisions, this suggests that the store manager would only make price decisions in relation to one single manufacturer, and that these price decisions are fully adapted towards that single actor.

Although Arya and Mittendorf (2013) point out that both the retail organisation and the manufacturer can benefit from the manufacturer price decisions, several researchers suggest that this is not always the case (cf.
Leone and Srinivasan 1996; Allender and Richards 2012), due to intra-channel competition that the retail organisation has to account for (Grewal et al. 2011). It then becomes important to treat the decision as if it were the retail organisation’s own decision. By doing so, the retail organisation is able to make sound business decisions in the future (Kumar and Swaminathan 2005; Bandyopadhyay et al. 2009), even if the current relationship restricts the ability to make decisions. Since the intra-channel competition has also been argued to be of importance at the store level (see subchapter on How price decisions are made), evaluating the benefits of manufacturer suggestions on price decisions in a similar manner as the retail organisation can thereby be implied to be of relevance for the store manager as well.

**Restrictions due to the consumer**

The autonomy of the store manager vis-à-vis the consumer is unclear from previous research, to say the least. In relation to Figure 1, above, the orange arrow illustrates the autonomy of the store manager in relation to the consumer.

The frequent usage of discounts and offerings in the stores today, often assumed to be made together with the manufacturers, (Hardesty et al. 2007; Ailawadi et al. 2009), can, according to Grewal et al. (2012), be a sign that the retail organisation’s main goal is to please the consumer. This type of behaviour is also considered somewhat opportunistic from the perspective of the retail organisation (Bogomolova et al. 2015), possibly since the price decisions made are not based on long-term evaluation.

Instead, what is referred to here is the implementation of various types of discounts, or other short-term solutions. As such, the same can be implied about the store manager, which, in turn, would imply that the short-term tactical decisions are decisions that the store manager can be assumed to make, since these please the consumer and maybe allow the store manager to focus on the local market. These tactical decisions are suggested to be within the store manager’s autonomy to make (cf. Mitronen and Möller 2003).

The other possibility of being autonomous in his/her price decisions that the store manager has is to influence the consumer’s behaviour while in the store. Kumar et al. (2014) argue that store-specific marketing activities, such as strategic and tactical price decisions, are frequently used to influence the consumer in the grocery industry today. Although not determining who within the grocery industry makes the price decisions, this implies that the
store manager can control what the consumer faces while in the store, i.e. making price decisions in relation to the store’s premises by considering intra-channel competition. Consequently, the store manager can be assumed to have autonomy, when the consumer has already chosen which store to shop at, i.e. when competition goals related to other stores in the market are already achieved, and autonomous price decisions, thereby, ought to be store-specific. Thus, restrictions from the consumers’ lies in relation to what they encounter while not being within the store premises.

Due to the different environments of each store, this suggests that the store manager can consider the external environment when making price decisions. If price decisions are treated as a market mechanism in this way, Mitronen and Möller (2003) argue that this means that price decisions can be made at store level to adapt to competing stores and other local aspects. Thus, the store manager can influence the consumers outside the store premises as well, since the market mechanism provides this opportunity, and thereby undermine the restrictions that the consumer can put on the store manager’s autonomy. In this way, the store manager is implied to have the strategic autonomy to make market-related decisions that stretch outside the store premises.

**Arriving at an analytical framework**

In this section of the dissertation, it has been discussed who makes the price decisions, how they are made, and the characteristics of price decisions. In addition, the autonomy of the individual, as well as the store manager, as an embedded actor in the manufacturer-retail-consumer triad, has been discussed. The discussion is illustrated below in Figure 2, where price decisions (who, how, and characteristics) are embedded within the realms of the store manager’s autonomy in relation to the manufacturer-retail-consumer triad. As such, it is suggested that the autonomy of the store manager can be explored in relation to the other actors in the original triad, as exemplified in Figure 1. In Figure 2 below, the restrictions from the retail organisation and the manufacturer are suggested to be connected to *who*, *how, and characteristics*, while restrictions from the consumer are suggested to occur in relation to *how* and *characteristics* of price decisions. The reason the consumer cannot be assumed to influence who makes the decisions is that, theoretically, there are no clear restrictions imposed.
Figure 2. Price decisions from the perspective of the store manager when embedded in the manufacturer-retail-consumer triad.
Methodology

Exploring the store manager’s autonomy in price decisions vis-a-vis all actors is addressed in this dissertation by employing a mixed method approach. In this chapter, the perspective used in the dissertation is discussed, as are the procedures of how the papers have been developed.

Perspective used in the dissertation

The perspective used in this dissertation is that of the store manager and, thereby, the micro-foundations of pricing in terms of the freedom of making price decisions and store performance. As has been noted at an earlier stage in the dissertation, the store manager is seldom the manager who is the focus of investigation in price research. Theoretically, it can however be argued that the store manager is a central decision-maker of price decisions, due to the direct connection to the consumer, but also in relation to the retail organisation and manufacturer, due to the control of the store premises. Choosing the store manager’s perspective in this dissertation has led to some important implications for how price decisions are discussed in comparison to previous retail price studies, and in relation to the appending papers.

Firstly, within this dissertation, price decisions, regardless if they are strategic or tactical, are assumed to be made in the realms of the store manager. It is therefore the store manager as an individual, and his/her decisions that come into focus. The strategic and tactical nature of the store manager’s price decisions are discussed in Paper I, which is a semi-structured literature review combined with the store manager’s perspective regarding these decisions. This also means that the outcome of a price decision, and, thereby, how the store manager can be assumed to make price decisions are of course a matter of the store manager’s intra-channel evaluation, and not of a chain-wide performance. Hence, the intra-channel evaluation is tested in the appending papers with an experimental approach (Papers II-IV), in which outcomes of a price decision can be linked to the store performance.

Secondly, this perspective has a focus on the possible autonomy a store manager can have when making price decisions, given that the retail store functions as its own unit and it is the store’s conditions that are taken into consideration when making price decisions. With the exception of a few earlier studies (cf. Lusch and Jaworski 1991; Mitronen and Möller 2003; Hernant 2009), the store and the store manager are seldom treated as a single unit. To be able to discuss this, Paper V investigates the authority of
the store managers’ price decisions and what they can decide upon. In addition, all five papers provide nuances of how individual price decisions can be discussed in relation to the retail organisation, the manufacturer, and the consumer. In addition, this means that the logic behind making the strategic and tactical price decisions for the store manager is based on the analytical model presented in Paper I.

Thus, the store manager is set as the primary actor in making price decisions, in which the autonomy of the store manager can be explored in relation to other actors, by using the link between and the outcomes of price decisions (Papers I-IV), in the light of the store manager’s authority in making price decisions (Paper V).

Before moving on to the procedures used in this dissertation, i.e. the method employed in the different papers, and how combining methods in this dissertation works, the context in which the dissertation takes place needs to be explained, since this is not touched upon in relation to the methods used in the papers per se. The reason for this is that in relation to Papers II-V, all retail organisations involved were promised anonymity, whereby certain market characteristics regarding the different stores or retail organisations are not possible to explain. Hence, to get a sense of whether or not it is possible to use Papers I-V in the aforementioned way in relation to the context, a description is given of how the grocery retail market and its market conditions are organised and built up in the Swedish context.

The context of the study

Using the Swedish grocery retailing industry to investigate the autonomy of store managers’ price decisions is appropriate, because the Swedish market has the widest range of price differences of the European countries (AC Nielsen 2005). In addition, low-price chains, such as Lidl, have not managed to achieve as large a market share as in other countries (cf. Burt 2010; Bränström 2015a). Despite this, characteristics of this industry in Sweden do not differ much from those in other countries. The Swedish grocery industry is characterised by a high competition level that has led to the re-structuring of the industry with large retail organisations dominating the market (Rämme et al. 2010). Regarding store types, around 80% of the market share, i.e. total sales volume in Sweden, is related to stores or chains with more than 20 billion SEK in turnover. These store types usually have price formats based on low price and supermarket concepts with broad
assortments (Rämme et al. 2010). Burt (2010) has noted this same development in larger parts of Europe.

There is a clear market leader in Sweden, namely ICA, with a market share above 50%, with two other retail organisations practically sharing second place. These are Coop and Axfood, who together hold approximately 35% of the market shares, while the smaller actors (Lidl, Netto, and Bergendahls) cover the rest of the market. (HUI Research 2017)

The Swedish grocery retail market, with its three main actors (ICA, Axfood, and Coop), provides a good case where autonomy can be discussed, since the grocery retail organisations, and, thereby, store managers, can be assumed to be a strong actor vis-à-vis both the manufacturer and the consumer.

That the retail organisation can be assumed a strong actor can be based on the argument that average prices have been decreasing in Sweden. In this case, it is the low-price carriers, like Lidl from Germany, or Scandinavian Axfood, that drive the price decline in the market (cf. Bose 2017; Denette 2017; Dewey 2017; Giammona 2017). Therefore, since the market characteristics can be assumed to provide the means of making autonomous price decisions for the retail organisations, i.e. ICA, Axfood, and Coop, the same ought to be the case for the store managers, if local adaption of price decisions is allowed within the retail organisation.

That store managers have some kind of authority in the Swedish context has been argued by Johansson (2002), who researched the purchase process of Swedish grocery retail organisation and concluded that there is a cooperative arrangement between the central units and local stores. Mitronen and Möller (2003) also point this out as a possibility in relation to price decisions, but this is not more deeply investigated. Since price decisions are long since assumed to be made in relation to the purchasing process of the retailer’s in general (Georgoff 1972), this implies some sort of autonomous arrangements between the retail organisation and the store manager, and this can be valid for price decisions as well.

Hence, it can be assumed that in the Swedish grocery retail market, autonomy could exist at both the retail organisation level and the store level, but this does not state whether the store manager is autonomous in relation to the retail organisation.

**General organisational conditions**

There are approximately 2,727 store managers within the Swedish grocery industry, of which approximately half can be assumed to operate under
franchise-like conditions (for a full retail organisation description, please see the upcoming chapter *The three main grocery retail organisations in Sweden*). The remainder operate in what can be categorised as regular retail organisations. As a result, half of the store managers are owners, while the others are regular lower-level managers. Therefore, examining the store manager’s autonomy in price decisions by using store managers within the Swedish grocery industry is applicable.

Although one chain, in particular, is based on the franchise concept (ICA), this ownership structure is evident in all three retail organisations. All retail organisations have a central purchasing unit with the aim of lowering the purchase price for manufacturer products. In addition, all three retail organisations carry their own private label, which means that intra-channel competition in relation to the stores is based on both national/international brands and retail organisation brands. In addition, all three retail organisations proclaim to be very consumer focused. In combination with the fact that the retail organisations have different inherent organisational structures for managing stores, the assortment carried by individual stores in Sweden makes it a suitable context to examine the store manager’s autonomy in price decisions in relation to other actors, i.e. the manufacturer and the consumer.

**The issue of anonymity in relation to the context**

Throughout this dissertation, the three largest companies in the Swedish retail grocery industry have participated in the five papers appending this study. Due to promised anonymity, it is not possible to use the descriptions given above of the retail organisations in relation to each specific paper. From this point forward in the study, the companies are labelled A, B, or C, depending on their level of participation in the dissertation study as a whole.

Company A participated in the experiment on psychological price-setting techniques, while Company B participated in both coupon experiments. All three organisations participated in the qualitative interview study. Allowing anonymity was the only way to ensure access to the pricing systems when implementing the experiments with the retail organisation, and getting store managers to participate in the qualitative interview. Hence, as in regular qualitative studies (cf. Creswell 2009), the promised anonymity provided an openness from the retail organisation and the store managers.

Therefore, since the context calls for a discussion of the store manager’s autonomy in relation to the retail organisation, the manufacturer, and the consumer, regardless of which retail organisation the store manager belongs
to, the procedures in the dissertation will be discussed next in the subchapter below. In the upcoming subchapters, I explain, discuss, and elaborate on how the different papers facilitate in examining the store manager’s autonomy in price decisions.

**Procedures used in the dissertation**

As stated in the preamble to this chapter, the scientific approach used in this dissertation is one of mixed method. Since the specific question to answer in the dissertation is how we can explore the autonomy of store managers’ price decisions, the overall mixed method used in this dissertation is by embedding quantitative studies in qualitative studies. As such, the main question in exploring the store manager’s autonomy in price decisions is qualitative, which provides the possibility of getting a broader understanding of store the manager’s autonomy regarding price decisions. According to Silverman (2011), the strength of a qualitative approach lies in a phenomenon being explained and viewed in its contextual complexity, rather than solely examining the inputs and outputs.

Creswell (2009) argues that this line of reasoning in relation to mixed methodology is labelled *concurrent embedded strategy*, since one collects the data concurrently, and then uses one predominant method in which the main research question resides. Although this concurrent aspect that Creswell (2009) argues for is not fully applicable in this dissertation, since the papers were all started at different points in time in a more sequential-like process, the papers have been produced concurrently as the main question for the dissertation. Thus, in this case, the question of how we can further our understanding of the store manager’s autonomy in price decisions has influenced the interpretations and choices made in the different papers. By using this strategy, the individual research questions can focus on other aspects than the main question in the dissertation.

To be able to examine the store manager’s autonomy in price decisions, in terms of *how*, and in which way understanding includes the uncertainty of outcomes, both qualitative and quantitative approaches are necessary. To facilitate an ease of understanding the procedures in relation to the papers and their connection to autonomy, the papers are presented in a sequential manner, starting with Paper I – A semi-structured literature review.
Semi-structured literature review
To be able to explain how the store manager can be autonomous in the price decisions they make, it is necessary to consider which type of decisions can be of relevance in relation to the individual store. From previous literature, it is unclear which decisions could be argued to be made in relation to the store manager. Since this is the case, a semi-structured review was therefore conducted in Paper 1, in which the store manager’s possible price decisions were analysed and discussed, based on the strategic and tactical nature of the decisions.

The type of review
This type of review is especially suitable in relation to the store manager’s autonomy in price decisions, since price research, in general, and retail research, in particular, have been argued as fields in which contributions are made from various disciplines (cf. Diamantopoulos 1991; Brown and Dant 2009). When contributions are made from various disciplines, Tranfield et al. (2003) argue that this provides the researcher with the possibility of adapting the review processes in accordance with the research question. In this way, the literature review becomes a key tool for understanding how price decisions, despite any connection to other disciplines, can be understood in the realms of the store manager.

The research question posed in Paper 1 was to analyse the link between retail price strategy and price tactic by using the organisational level and planning horizon. Since it has been argued by Mitronen and Möller (2003) that price decisions take place at either the chain-level or the store-level, these are the highest organisational levels used as a point of analysis. In this way, the semi-structured review provides an examination of which price decisions can take place in relation to the store manager.

Finding the articles to review
Because the aim of the literature review was related to the retailer in general, three journals where surveyed for data collection: Journal of Retailing, Journal of Retailing and Consumer Services, and Journal of Product and Brand Management. When conducting the review, adaptations of the keywords were carried out, in order to find as many relevant articles as possible (from “price strategy”, and “price tactic”, to “price strategy”, “price tactic”, “price promotion”, “pricing practices”, “pricing tactic”, and “pricing promotion”). Thus, instead of solely searching for price strategy and price tactic, related concepts were also used as keywords. By using
related concepts in the process of conducting the review, the adaptation resulted in a more thorough review being made, given the aforementioned constrains in the choice of journals.

To avoid what Tranfield et al. (2003) point out as troublesome when conducting reviews, namely, that the most common mistake made is inclusion on the basis of who the author is, the selection of articles to be included in the final stages of presenting the review was based on three important selection criteria related to the theoretical assumptions and method choices.

Firstly, from the title, abstract, or content of an article, resulting from the used keywords, it was required that the store manager, or an individual store, was explicitly, or implicitly, assumed to be affected by a specific price decision. Thus, even if the articles did not have the focus of the store manager, they had a focus on price decisions in retailing.

Secondly, this meant that different types of articles were included in the review. Therefore, the focus was not solely on empirical papers, but also on conceptual and review papers. This enabled a comprehension of how strategic and tactical price decisions were assumed to be made, regardless of the kind of study analysed.

Thirdly, it was necessary for the articles to contain specific concepts previously identified by Fassnacht and El Husseini (2003) as important concepts in price strategy and/or price tactical decisions: everyday-low-pricing, promotional pricing, category management, brand management, price strategy and/or marketing strategy. As a result of using these concepts, other promotional related concepts were identified.

As Tranfield et al. (2003) argue, for articles to finally be included in a review, all need to meet the inclusion criteria. The whole selection process resulted in 65 articles being included based on keywords related to tactical price decision-making, while 48 articles were included with keywords relating to strategic price decisions. Including such a large number of articles to review provides a substantial foundation for examining which decisions the store manager could make autonomously. However, since the concepts of these types of decisions are diverse, articles are included based on concepts in relation to strategy and tactic. Hence, it should be understood that not all articles cover all concepts. For a more detailed account of the selection process, please see Paper I, appended in this dissertation.
The nature of the review

In this way, the literature review can be understood as a semi-structured scoping review, which Booth et al. (2016) and Arksey and O’Malley (2005) argue gives a broader and more in-depth review than a systematic review. In addition, Levac et al. (2010) argue that a scoping review demands that the researcher has an analytic approach to the articles, rather than a summative approach.

Hence, by including a broad set of concepts that are searched for, a more nuanced analysis of the store manager’s price decisions can be made. What this implies is that themes and concepts can be identified in the same manner as with empirical-driven themes, for example, in interview studies. Since themes or topics identified are what researchers in previous studies use, the scoping review provides a foundation against which strategic and tactical price decisions could be discussed in relation to the store manager’s autonomy, while also providing insights into the theoretical aspects related to intra-channel competition and how decisions are made.

In sum, the semi-structured scoping review provides the means of examining what decisions a store manager can make, and how they are made, while the upcoming experimental papers provide the means of examining the outcomes of these price decisions in relation to the store manager.

Experimental studies

In order to further our understanding of the store manager’s autonomy in price decisions, it is necessary to know how specific price decisions affect the level of intra-channel competition, in terms of substitution effect and spill-over effects on complement products, for the store manager. Field experiments are suitable, since they provide the foundation for evaluating different decisions (Levy et al. 2004), while considering how the substitution effect and spill-over effects are related to the individual store (Grewal and Levy 2007; Kopalle et al. 2009). For that reason, three experimental field studies were conducted in Papers II-IV.

The cooperative set-up and experimental design

In cooperation with two of the largest retail organisations in Sweden, three different types of field experiments were set up to test three different types of price decisions. In the first experiment, an in-store coupon with a single face value was tested in four stores. In the second experiment, an in-store coupon with a face value based on quantity purchases was tested in three
stores. In the third experiment, the price-setting technique used on the price tag was tested in six stores. Hence, two of the price decisions tested are related to the discount characteristics of price decisions, whereas the last experiment tests a price decision related to the price tag characteristics of price decisions.

As the field experiments were conducted in close cooperation with the retail organisation, this allowed a design in which the individual store’s price strategy was controlled for, which is something that Kopalle (2010) argues is important to control for when testing the outcomes of price decisions. In addition, Ingenbleek and Lans (2013) argue that this makes performance implications possible. Since it has been argued in the theoretical section that the store manager’s autonomy is related to store-specific performances, all three experimental papers facilitate a discussion regarding this topic.

Since store strategy is considered something controllable in all three experimental papers, and since Gaur and Fisher (2005) argue that the choice of stores is crucial in an experiment, the choice of stores to be included in the experiments is important to discuss in relation to the store manager’s autonomy. All stores were strategically chosen in cooperation with the retail organisation. What this means is that in all experiments it was ensured that a chosen store format, i.e. store strategy, was represented in both control and experiment groups/periods.

Papers II and III include stores in the experiment on the same basis, and in the same geographical area, namely Stockholm. All stores had a supermarket format, which was decided by the retail organisation. As such, it is the same store format that Hernant (2009) used when researching store performance. In Papers II and III, the design ensured that one group of experiment stores in which the intervention took place was created, while there was one group of stores that functioned as control stores. The benefit of creating a design in this manner is that it is possible to control for exogenous factors that are out of the control of the store manager, as well as the researcher.

In Paper IV, stores having three different store price formats were included. Hence, in this experiment, franchise stores, supermarkets, and large grocery stores were a part of the intervention. All stores, except the supermarket stores, were located in different regions, i.e. different markets. Thus, the choice of stores is aimed at controlling and accounting for aspects of local adaption. As for potential experiment groups and control groups, the third experiment instead used an altering implementation schedule,
which means that all six stores function as control and experiment stores during different phases of the experimental project. Even if there are differences in the design in Papers II-IV, the principles are the same, whereby control and experiment stores should make it possible to control for exogenous factors.

By designing the experiments in such a way that the store’s strategy is fixed, the experimental studies allow an examination of the store-specific effects, in relation to how price decisions might be made by the store manager. In addition, it makes it possible to evaluate what factors the store manager can influence and what they take into consideration. Here, evaluation is related to the objective of sales volume, to some extent the incremental profit (Paper II), the actual price effect of a discount (Paper III), and the whole intra-channel competition discussion (Papers II-IV).

Collection and analysis of experimental data

Analysing the conducted experiments is done in Papers II and III, by using a Hurdle model, and in Paper IV, by using a difference-in-difference model. As discussed earlier, the aspects that the store managers are not in control of are held constant during the estimation of the price decisions’ outcome in all three papers.

Since the collected data in relation to Papers II and III was on the daily sales of a product, a Hurdle model (Mullahy 1986) makes it possible to account for when the product is not sold on a specific day. The reason for doing this is that the estimate of the outcome of a price decision would be biased, when not accounting for missing values in terms of zero sales. The two-step estimation procedure, when using a Hurdle model in Papers II and III, meant that we first estimated the impact of price decision on the probability of at least one sale taking place on a given day, and secondly, a demand model for all observations in which a sale actually had taken place. When the results from these two models were combined, the total change in sales of the products relating to the price decision in the experiment stores during the experiment period was calculated.

Data was collected on a weekly basis in Paper IV, and at that level of aggregation, there were no zero sales to account for. For this reason, a difference-in-difference model was used, which includes store-specific, product-level fixed effects. Furthermore, week-specific, fixed effects were included in the estimation model, to allow for a more general model in which heterogeneity within the treatment and control groups and for each week during the whole period under study is captured.
The price phenomenon tested
In relation to the specific price decisions tested, as has already been pointed out, these are different in the different experiments. The commonalities in all three papers are that the price decisions were visible in the store, and the consumer had the possibility of making contextual comparisons with other products within the store. According to Carver and Padgett (2012), this allows the consumer to make a price comparison in direct relation to the purchase occasion, which can, thereby, be directly linked to the store manager’s autonomy in relation to the consumer.

In Paper II, a manufacturer coupon with different face values was dropped in different stores. Thus, the consumers in direct relation to different stores received different amounts of discounts when buying a product. In this way, it is possible to evaluate the outcome of a manufacturer’s decision as if it were the store manager’s, while seeing how the consumers react. According to Mulhern and Leone (1991), Karande and Kumar (1995) and Lal and Villas-Boas (1998), it is the store manager’s decision to place manufacturer’s coupons within the store premises.

In Paper III, another type of coupon was placed in the stores. In this, the consumers could choose which level of discount they preferred, depending on the number of products bought. Once again, it was possible to evaluate the decisions as if it were the store manager’s own price decision, but, here, the consumer had a choice (in comparison to the first field experiment). In relation to both Papers II and III, the coupons were placed at the cashier’s desk, i.e. at the end of the consumer’s shopping trip, but at the normal place for the product offered.

In Paper IV, the regular price of a product was changed on the basis of brand groups. Thus, it was the price on the price tag that increased in this experiment. The retail organisation’s brand is used as an independent unit of analysis in the experiment, providing outcomes from a centralised drive, which all stores are forced to hold, and which influences the intra-channel competition of the individual stores in relation to the different manufacturer brands.

The three experimental papers provide the outcomes of actual price decisions made on the premises of the store, of which, it can be assumed, the store manager has some control over. In addition, all experimental papers provide outcomes of a price decision connected to the manufacturer brands that are market leader in the product category investigated. If the retail organisation, or the store manager, chooses to work closely with one
actor and adapts his/her decisions towards this manufacturer, it is most likely to be the market leader within a product category.

Field experiments, while, occasionally, slightly more difficult to organise, and with a lower level of control, provide a high degree of realism (Moutinho et al. 1998), and, by comparison, for example, with laboratory experiments, increase the external validity in retail studies (Manning and Sprott 2007) of the theoretical assumptions tested. That the external validity and realism are increased with field experiments is, however, only true for when experiments are implemented without any mistakes, which was not always the case during these three field experiments.

In relation to Papers II and IV, there were some compliance problems, i.e. that the store managers chose not to implement the price decisions properly within the store premises. Although this affects the actual results in an experiment, this is not necessarily the case in relation to the store manager’s autonomy in price decisions. The reason for this is that it is not the strength of measurement that is of primary importance in an effort to further our understanding of the store manager’s autonomy in price decision-making, but rather the whole process of establishing a measurable price decision in the realms of the store manager. The store managers did take the freedom of not implementing the price decisions that they were supposed to make. It was this perceived freedom of the store managers that laid the foundation for Paper V in this dissertation, which focuses on how store managers perceive their authority in making price decisions, and what decisions they can make.

**Semi-structured interviews and observations**

Since not all store managers involved in the experiments followed instructions for what was to be done, Paper V focuses on the authority the store manager has, and what decisions they perceive they can make.

In Paper V, the observations made from the experimental studies are combined with semi-structured interviews to provide an in-depth understanding of the store manager’s authority from their perspective. According to Creswell (2007), this type of qualitative approach provides a means for understanding the world. As such, the aim of this qualitative study is to understand the store manager’s perspective on price decisions.

**Observation and interview templates**

In relation to the experiments conducted in Papers II-IV, the observation template consisted of an evaluation based on to what degree the store
managers followed the set intervention schedule. In relation to the last experiment, in Paper IV, the store manager’s choice not to implement the price changes, as agreed upon, was discussed with the regional sales manager\textsuperscript{16} as well. The semi-structured interviews were based on an open-ended template, where it is possible to adjust and adapt the interview questions during the actual interview. According to Silverman (2011), this means that the interviews are less restricted and standardised.

The first part of the interview template is based solely on background questions of the respondents, to validate that the interviewees had solid experience from the retail industry. Background questions concerned how many years the respondent had worked as a store manager, how long they had been in the current organisation, what type of experience they had from other types of grocery retail chains, and retail organisations, in general, and lastly, what their educational background was.

In the second part of the template, two broad themes can be seen as covered: (1), the relationship between price strategy and price tactics, and (2), the decision-making properties within the grocery retail chains. In relation to the first theme, questions regarding what price, in the long-run, and, in the short-run, meant for the respondent, and how these were connected to each other. The reason for not asking the respondent about this, by using the words price strategy and price tactic, is because it would bias the store manager, and the answers given would be affected by the pre-assumptions of the interviewer. Therefore, in the interview situation they are asked, “How do you work with price in the long-run?”, and then the discussion continues with follow-up questions. In relation to the second theme, questions were asked regarding what it means to be a store manager within the organisation, and the freedom to adjust prices, in the short- and long-term.

Hence, the interview template has a narrow focus of a topical character, which, according to Rubin and Rubin (2011), is meant to allow the interviewees to construct meaning themselves, while being a suitable approach when the underlying conceptual connection is complex, and meaning can be constructed in a specific context. This, in turn, provides the means of identifying in which way store managers perceive they can make decisions. According to Creswell (2009), this approach to qualitative studies enables different underlying patterns and themes to be established.

\textsuperscript{16} In the case of the retail organisation participating in Paper IV, the regional sales manager had the responsibility to manage stores located in two counties in Sweden.
Therefore, in comparison with the semi-structured review, the interview study provides contextual examples of how store managers and regional managers reason around their decision-making abilities within the frame of the retail organisation. Thus, Paper V helps to address aspects of independence, local adaption, while considering whether any restrictions exist in relation to the retail organisation, the manufacturer, and/or the consumer.

Data collection and participants

During the process of conducting the experimental papers, records of the store manager’s degree of implementation were taken. Here, ease of implementation and goals of the specific price decision were recorded from the store manager’s perspective. In relation to Paper IV, performance goals were noted in relation to the region, since this was of importance for the regional sales manager, i.e. from a management level higher than store manager was. These notes are included in the interview study, and seen as both an incentive to investigate the problem, and a mirror of how the store managers perceive as their ability to make price decisions.

The store managers interviewed have all worked a considerable amount of time within retailing, 15-30 years, and within different types of retailing (clothes, furniture, grocery). One store manager even had a small retail shop in his/her hometown. Regarding working for the specific chain, the duration was between six months and 20 years. One interesting aspect is that none of the respondents had any advanced education. Instead, all stated that they were schooled by the industry. The store managers were chosen on the basis that they had the responsibility of managing the store, and could thereby be assumed to have some kind of understanding of the phenomena under investigation. Hence, the store managers interviewed has a large pool of experience, which Denscombe (2014) argues is an important criteria in ensuring that the right individual is interviewed in relation to the aim.

The store managers were all active in the same market, in which 13 grocery stores were located. The market was delimited in relation to a municipality with approximately 50 000 inhabitants, hence a Swedish mid-sized town. Although all 13 store managers were invited to participate in the study, only six agreed to be interviewed. According to Creswell (2009), one main advantage with a qualitative study is that the data collection can be conducted in the natural setting of the respondent. Therefore, it was decided that the interviews would take place at the office of the store manager (which was generally at the back of the store).
All store managers were promised anonymity, which Creswell (2009) argues provides security, since what the respondent has said cannot be traced back to the individual. In addition, Ghauri and Grønhaug (2005) argue that promised anonymity increases the internal validity of a qualitative study, since the respondents are more inclined to answer truthfully. To further engage the respondents by making them feel of consequence (Karnieli-Miller et al. 2009), I adopted an unobtrusive attitude, by introducing myself as “just an academic,”, while pointing out that they knew “what it is really about”. The hope was to make the respondents comfortable with their knowledge on the subject, since at the beginning of the interview they felt a bit insecure, about whether I was talking with the right person, i.e. whether they had the knowledge or not. However, the interviews indicate that they do have knowledge, which the respondents also realised when the interview was over.

Data preparation and analysis
The observation notes were summarised in relation to two aspects: to what degree the store managers seemed to follow the price schedule agreed upon, and the regional sales managers’ thoughts regarding not following the price decisions that were supposed to be implemented. The interviews took between 1.5 to 2.5 hours, and were recorded on a digital recorder. After the interviews, the recordings were transcribed and prepared for analysis. Respondent validation, which Creswell (2007) argues can strengthen the interpretation carried out in qualitative studies, was considered, but not conducted. Even though respondent validation could have strengthened the trustworthiness of the study (Karnieli-Miller et al. 2009), the reason for not including this was the risk of the store managers becoming insecure about their statements made during the interview, since they were all hesitant from the beginning.

As a result, the interview study also provides contextual examples of how store managers and regional managers view the consumer at a local level, and their possibility to influence the consumer while in the store. Mainly, this paper provides insight into how lower-level managers perceive how the organisational structure facilitates, or hinders, their decision-making ability.

Combining the methods
This dissertation, as a whole, explores the autonomy of store managers in making price decisions, and for that reason a mixed-method approach was selected in which the overall question is qualitative, but in which
quantitative studies can be embedded. As a result, themes are not necessarily only derived from the results in the papers, but can be found in the problem statement, the literature review, and the method applied. Table 3, below, provides an overview of how the papers overall relate to autonomy, where Papers I and V are of a qualitative nature, while Papers II-IV are quantitative.

Table 3. How the papers relate to price decision autonomy

<table>
<thead>
<tr>
<th>Paper</th>
<th>Theoretical aim</th>
<th>Method</th>
<th>Connection to store manager’s autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Analyse</td>
<td>Semi structure scooping review</td>
<td>Provides a foundation for reasoning, regarding organisational planning and adaptive process between decisions that could be autonomously made by the store manager in general.</td>
</tr>
<tr>
<td>II</td>
<td>Explain and test</td>
<td>Field experiment</td>
<td>Provides outcomes of price decisions and can be discussed in terms of autonomy vis-à-vis a market leader, manufacturer, and an assumed homogenous consumer market.</td>
</tr>
<tr>
<td>III</td>
<td>Explain and test</td>
<td>Field experiment</td>
<td>Provides outcomes of price decisions and can be discussed in terms of autonomy vis-à-vis a market leader, manufacturer, and an assumed heterogenous consumer market.</td>
</tr>
<tr>
<td>IV</td>
<td>Explain and test</td>
<td>Field experiment</td>
<td>How the price decision effects the retail store, and how these outcomes can be discussed from the perspective of the store manager vis-à-vis all three actors. Provides store-specific characteristics and differences in outcomes, depending on location, store format, and brand groups.</td>
</tr>
<tr>
<td>V</td>
<td>Explain and illustrate</td>
<td>Observations and semi-structured interviews</td>
<td>Provides illustrative examples of how the retail organisations in Sweden work locally and nationally vis-à-vis chain, manufacturer, and consumer. It also explains how the retail store managers perceive their decision-making situation at large.</td>
</tr>
</tbody>
</table>

Two important aspects to consider when mixing methods in this way is how the papers relate to each other, and how they are analysed, by using autonomy as the lens. Essentially, this approach to embedding quantitative approaches within the qualitative context means that the qualitative papers explore the nature of the processes and behaviours around price decisions, while the quantitative papers provide the outcomes of price decisions, which is a result of the design and a specific price decision. Although autonomy is not the main question in the papers, taken together, the papers illustrate
different types of price decisions frequently used within the grocery retail industry.

Together with the scooping review, Paper V helps us understand who makes the decisions within the retail organisation, and about what, as well as understanding the decision-making ability and knowledge of lower-level managers. The semi-structured scooping review provides the possibility of interpreting the research material in a thematic way. In this dynamic decision process, brand-related decisions provide qualitative themes, whereby an as if assumption of the store manager’s autonomy can be described.

By using supply-chain management theory to determine how long a price decision is valid, the semi-structured scooping review provides a theoretical connection to the manufacturer. In combination with the qualitative interview study, detailed descriptions of manufacturer decision-making processes and the retail store manager’s autonomy can be discussed, i.e. possible cooperation level, and how autonomous decisions can be facilitated or hindered.

It is thereby possible to use autonomy, i.e. the ability to make decisions, by taking into consideration store-specific performance, as well as intra-channel decision-making properties, as a thematic lens for explaining the retail store manager’s possible autonomy vis-à-vis the retail chain organisation. The scoping review was also the first paper to be initiated, laying the basis for the qualitative context, regarding which decisions a retail manager could make.

In all three field experiments, it is possible to discuss the store manager’s autonomy in price decision-making, in conjunction with both the manufacturer and the consumer. In addition, since aggregated analyses are made for all stores combined, it is also possible to evaluate the store manager’s autonomy in conjunction with the retail organisation, at least in terms of whether or not the specific price decision is beneficial for the store. All three experiment papers facilitate the explanation of the retail store manager’s autonomy vis-à-vis the retail organisation, since, together, they illustrate the theoretical assumptions that can be made, and the areas that lower-level manager’s control.

In order to discuss how the store manager’s autonomy might be restricted, it is necessary to investigate in which way the store and the store manager are affected by price decisions made either by the retail chain, or the manufacturer, while also identifying how this influences the consumer. The three experimental papers provide the outcomes of actual price
decisions made on the store premises, where it can be assumed that the consumers shop. These papers provide a foundation for examining how the consumers behave when the store manager follows normal protocol (coupons), and when the store manager deviates from what could be perceived as normal protocol (odd-, and even-ending prices).

While carrying out the experiments presented in Papers IV and V, some of the responsible managers failed to follow the intervention schedule, and regarding the experiment in Paper V, it was possible to enquire why, since the visits took place on both intervention days and control days. The reasons for failing to follow the protocol were because these managers thought the implementation day was unsuitable, as they were very busy, forgot they were supposed to do it, or said that someone else (unclear who) was supposed to do it. They stated it was not their responsibility, even if meetings together with the regional sales manager had taken place with those given responsibility for implementing price increase.

In conversation with the regional sales manager, it was evident that it was expected that the stores should not have any problem following the protocol, since that is how the organisations work. During this experiment, the store managers also expressed a wish to change things. One manager’s perception was that the prices on the price tag that day were “messy”, and the consumer did not care about “pennies”. Another store manager admitted raising the price if he/she saw an opportunity to increase the profit, without affecting sales volume. According to this store manager, the effect could be quickly checked, and adjusted back if the consumer reacted negatively. However, the store manager had not asked for permission to do this. Several times, the regional sales manager stated that the store managers were expected to set the price that belonged to their individual store format.

In sum, Paper I in the dissertation provides the theoretical and conceptual foundation for how strategic and tactical price decisions can be evaluated in the decision frame for a store manager. Hence, the paper takes into consideration price decisions related to the store, category assortment, brand level, and product level, and discusses in which manner these decisions can be considered strategic or tactical. This means that different types of decisions that can occur in the realms of the store manager are analysed in relation to each other. The remaining four papers all take into consideration some of these conceptual foundations. In Papers II and III, a price experiment was implemented in one type of retail store, where the outcome of the decisions is analysed in relation to a single product, different brands, and in relation to a broader category assortment. In Paper IV, a
price experiment was implemented in three different stores, where the outcomes were also analysed up to the category assortment level, but this time untreated products were analysed as “as if decisions”. Paper V came about because of non-compliance during the experimental studies. In this last paper, store managers were interviewed on how they perceived price decisions within their organisations were made, and what they, as store managers, were allowed to do.

The discussion of how the five papers relate to exploring the autonomy of store managers’ price decisions is illustrated in Figure 3, below. This is an adaptation of the analytical framework and focuses on the how the papers connect to who makes the price decisions, how the price decisions are made, and the characteristics of price decisions.

In Figure 3, it is shown that Papers I-IV directly relate to how price decisions are made, and the characteristics of price decisions, while Paper V is directly related to who makes the price decision. In addition, it is shown that Paper V indirectly relates to how decisions are made, and the characteristics of price decisions, while Papers I-IV indirectly relate to who makes the price decision. Thus, all papers can be discussed in relation to all actors in the manufacturer-retailer-triad.
The three main grocery retail organisations in Sweden

In this chapter, the three leading retail organisations are presented to provide the possibility of illustrating the conditions under which almost 85% of the store managers in Sweden act. Despite the issue of anonymity regarding the individual studies, which will be discussed later on in this dissertation, it is possible to describe the three different chains and their organisational capabilities, as presented in the public sphere. The presentation of the retail organisations is organised according to the position they hold in the Swedish market, which means that ICA is presented first, followed by Axfood, and, finally, Coop.

ICA

This retail organisation has retail chains that cover grocery retailing, a pharmaceutical chain, real estate, banking, and home textiles. Despite the diversified portfolio of retail products, the focus of the organisation is on grocery products, where the rest of the business aims at supporting and/or further developing the core business of grocery retailing. The organisation was founded in 1917, with the aim of providing a central purchasing unit and other cooperative benefits for individual store managers. Based on this concept, economies of scales are possible, while individual store managers have the possibility to make local adaptions. In relation to newly established stores, the store manager owns 99% of the company related to his/her store for five years after establishment. ICA Sweden group owns the remaining 1%. However, according to one of the store managers involved in this dissertation, the ownership of some store stays with ICA Sweden, due to unattractive or mismanaged stores. Despite this, the core idea surrounding the grocery retailing part of the retail organisation relies on

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17 If no other source is given, the facts are cited from ICA’s own webpage: [www.icagruppen.se](http://www.icagruppen.se), 31 August 2018.

18 ICA’s holdings in Estonia, Latvia, and Lithuania, through the subsidiary, Rimi Baltic, differ in organisational structure, since the subsidiary rather than the store managers own all stores.

19 ICA Sverige.
“unifying the local store manager’s engagement, market knowledge, and entrepreneurship, with centralised economies of scales and efficiency.”

Over time, the ICA concept has developed to what it is today: a coherent group in which store managers own the main majority. Through this concept, it is possible to allow good store managers low, and relatively risk-free, investments to become their own companies. The group has operated in public trade since 2013. The ICA group’s market position that they hold today began in 1966, and developed because of establishing new stores in the newly-built neighbourhoods that flourished all over Sweden.

At the grocery chain level, ICA has approximately 1300 stores in Sweden. However, this number can be considered uncertain, since they account for a market share of 36% on their webpage, while others have stated that ICA holds over 50% of the market shares in Sweden. To achieve economy of scales at the chain level, extensive cooperation takes place regarding establishing, purchasing, logistics, IT, and market communication. For the stores that have non-food products and wholesale products, a special unit within the cooperative platform works with purchasing and sales of these specific products.

In relation to agreement between the group and the different stores, formalised agreements steer who is accountable for what, and how the future development of stores and establishments are to be founded. In addition, the right of ICA’s brand name is controlled in this agreement, as is compensation through royalties, and if the store manager wants to sell the store in the future. In terms of pricing, this is a contractual agreement between ICA Sweden and the ICA store managers’ association, even if the store managers are not forced to buy products from ICA Sweden.

At store level, ICA’s stores are divided into four different formats. Maxi ICA Stormarknad has a wide variety of grocery products combined with a large section of non-food products. In total, there are 83 of these stores in Sweden. ICA Kvantum is the second store format, and its aim is to be a city’s leading grocery store, no matter what occasion the consumer buys the product for. This type of store is characterised by its amount of freshly produced products, local assortment, healthy and ecological products, plus

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20 A rouge translation of the following statement on the webpage: “… förenar den lokala handlarens engagemang, marknadskännedom och entreprenörskap med centrala skalfördelar och effektivitet…” (ICA Sveriges affärs- och intjäningsmodell).

21 An association of the individual retailers that almost functions as a union-like negotiator, even if they are the main owners of the ICA group.
a wide variety of non-allergic products. In total, there are 126 stores throughout Sweden with this format. The third store format is *ICA Supermarket*. This type of format has a wide assortment for both daily cooking and celebration occasions. Diversification is achieved by means of a high service level, and a wide assortment of freshly produced products. There are 428 stores with this format throughout Sweden. *ICA Nära* is the last store format that the ICA group has, with a smaller, more accessible, store format focus on high service, adjusted assortment, and fresh products of high quality. These stores usually act as agents for pharmacies, liquor stores, and ATG\(^\text{22}\). There are 650 stores throughout Sweden with this store format.

**AXFOOD\(^\text{23}\)**

This grocery retail organisation was officially established in 2000, but some of the store level formats have existed for longer than that (see description below of store level formats). The retail organisations have retail chains that cover groceries for the most part, but have full- or part-ownership in banking organisations, pharmacies, and a food deli. The retail organisation themselves label their business as a “house of brands”, where the assortment leads to affordable and good decisions. The retail organisation’s business model is highly focused on sustainability, and they pride themselves on being proactive. For the fiscal year of 2017, the Axfood organisation had a surplus of 1886 MSEK, and claimed to have 20% of the Swedish market.

At the chain level, Axfood has a clear strategy for how to work. Where the different grocery chains and formats are equal to each other, economics of scales can be achieved. This is done through the wholesale company Dagab, which Axfood fully owns. Here, the purchase and assortment department organises all deals related to grocery products. Due to this organisation, high-volume purchases can be made, which leads to the possibility of lowering prices. As a result, a wide, attractive, and efficient assortment is created, which is what the consumer demands in their everyday life. Through Dagab, there is also an increased vertical integration, which means that Dagab has, for example, taken over the inventory

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\(^{22}\) ATG is a Swedish non-profit cooperative gaming company, and is the only one providing consumers with the possibility of betting on horses. All profits go back to the sports industry ([www.atg.se/om-atg](http://www.atg.se/om-atg), 31 August 2018).

\(^{23}\) If no other source is given, the facts are cited from Axfood’s own webpage: [www.axfood.se](http://www.axfood.se), 31 August 2018.
management of fruit and vegetables. This results in control and accountability for the whole value chain.

At the store level, Axfood’s stores are differently categorised, depending on which chain they belong to. Stores belonging to *Hemköp*, which are the stores established first in 1957, are often operated as franchises, and there is a continuous evaluation of whether a store with this format is to be changed into a franchise (if it has not been done already). The reason for this is to strengthen the market position of this store, which is the goal of all the stores within this chain. It takes two years before the store manager is given the option of taking over the store under current franchise conditions. There are approximately 200 Hemköp stores throughout Sweden, with the main goal of providing sustainable food. Stores belonging to *Willys* are often operated within the retail organisation, and there are 199 stores throughout Sweden, where 49 stores are neighbourhood stores. Their main focus is providing low prices, but with a focus on offering products that are as sustainable as possible.

Stores belonging to *Tempo* are built on the notion of being close to the consumer, as a neighbourhood store. There are 145 stores throughout Sweden with this concept, and the store manager owns the store but franchises the brand format. This result in certain restrictions in place, but the store manager can make decisions to adapt the store to local market conditions. Stores belonging to *Handlar’n* are portrayed as being the small neighbourhood store, with a large part of the assortment built on the retail organisation’s own private brand. Here, a total of 224 stores are spread throughout Sweden, and the concept is that the consumer has the possibility of influencing both the assortment breadth and depth. One of the priorities during 2018 is to update the store formats.

**COOP**

This grocery retail organisation mainly focuses on grocery retailing, with the exception of COOP Bygg, which sells products for home renovation and gardening maintenance. The retail organisation was founded in 1899, and is proud of their focus on sustainability and transparency. In its essence, the retail organisation is built on a cooperative thought, where customers are offered good stores for a good price. In terms of the cooperative thought,

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24 If no other source is given, the facts are cited from COOP’s own webpage: [www.coop.se](http://www.coop.se), 31 August 2018.
the majority of ownership in Coop Sweden AB\textsuperscript{25} is held by KF\textsuperscript{26}, which consists of 32 different consumer associations, 7 OK associations\textsuperscript{27}, Folksam\textsuperscript{28}, and Fonus\textsuperscript{29}. The consumer associations’ aim at being on the consumer’s side, and approximately 4.4 million consumers were members\textsuperscript{30} in 2016 (Medlemskapet, KF, 2018). In 2018, the retail organisation was awarded the most sustainable retail brand award by consumers.

Due to an increased level of investment to keep up with current market development, KF owns approximately 67% of the retail organisation Coop Sweden AB, while Stockholm Consumer Association owns the remaining 33%. Under this ownership, 241 stores are operated. The remaining 414 stores are operated directly by the regional consumer associations.

At the chain level, COOP has approximately 659 stores throughout Sweden. After struggling for some time, Coop re-organised its decision structure and made changes aiming at harvesting the benefits of economics of scales at the chain level. The responsibility for purchasing, category assortment, product flow, format, and brand strategy is now made at the central level of Coop Sweden AB. In addition, market communication and store development have also become the responsibility of Coop Sweden AB. It is the belief that this will lead to efficiencies for all stores within the retail organisation.

At store level, Coop’s grocery stores are categorised into three new formats and five other formats, where some of the latter, over time, will probably be remade and renewed to fit the new store formats. Starting with the new formats, Stora Coop is a store format where the consumer finds a large variety of products at a good price. This allows the consumer the opportunity to buy bulk, for the home, the children, and the whole family. Coop is a store format that provides the opportunity for consumers to conduct the weekly purchases, and to make everyday life easier at a good price. The store format provides groceries, accessories, consumables, and inspiration for cooking. Lilla Coop is a store format that allows the consumer access to complementary products. The store format focuses on

\textsuperscript{25} Coop Sverige AB
\textsuperscript{26} Kooperativa förbundet, loosely translated to Cooperative Union, in English.
\textsuperscript{27} OK is a gasoline company located throughout Sweden.
\textsuperscript{28} Folksam is an insurance company in Sweden.
\textsuperscript{29} Fonus is a funeral company in Sweden.
\textsuperscript{30} To become a member, a one-time fee of 100 SEK is paid by a consumer to KF.
providing the consumer’s immediate needs at a good price, by having a well-planned and high quality assortment.

Turning to the five other store formats, it is unclear whether these formats might be rendered obsolete in the future. What is clear is that former store formats were changed into the three aforementioned new formats in the last couple of years. *Coop Nära*, the first of the other five store formats, is a convenience store with a good assortment, and generous opening hours, providing the consumer with a quick, comfortable, and simple shopping experience. *Coop Konsum* has the broadest assortment of ecological products at a good price, and their fresh products are of high quality. In sum, this focus provides the store format with good value for money, and the possibility of accessing food inspiration for the weekly cooking. *Coop Extra* aims at being the best grocery store in the city, providing very good prices for a broad assortment, in a store that is easy and convenient to shop in. *Coop Forum* is a supermarket format that offers a wide assortment of food products that are environmentally or ecologically labelled. It prides itself on the possibility for the consumer to shop smart at low prices. *Coop Dagliv* is one of Sweden’s biggest and most successful grocery stores with assortment warranty. In practice, this means that consumers can order and buy practically any product they want.
Summary of appending papers

In this chapter, the five papers appended to this dissertation are summarised. Full versions are found at the end of the dissertation. In addition, the field notes and informal discussions, taken during the preparation of experiments and interviews, are presented below the summary.

Paper I Understanding the link between price strategy and price tactic – an analytical model on retailers’ decisions

Paper I aimed at developing an analytical model constituting the retailer’s price strategy and tactics, regarding planning horizons and organisational constructs. The background to the paper is based on the need to coordinate price decisions for the retailer, otherwise strategic and tactical decisions can come into conflict with each other. This is especially the case since it has been argued that price decisions, in general, are made reactively, rather than proactively. The problem is based on the issue that if strategic and tactical price decisions are not made in relation to each other, a lack of coordination, as well as an inconsistency in defining the decisions, will occur. By using the organisational level, on which a specific type of price decision can be made, in conjunction with the time duration of different decisions, Lagin and Gebert-Persson argue that this can contribute to already existing frameworks on price decisions.

In the paper, a theoretical lens is used, based on the idea that strategy is a long-term decision, while the tactical decision is short-term. Here, the strategic decisions aim at reaching goals in which there is a need to correlate different price decisions. In comparison, the tactical goal is aimed at reaching a short-term competitive advantage goal. In combination with the aspects of organisational levels, and the time duration of price decisions, this ought to lessen the complexity of price decisions, and provide a framework in which strategic and tactical price decisions can be organised. In addition, it is assumed in the paper that the price level and price variation on promotional tools are price decisions.

To develop an analytical model that constitutes the retailer’s price strategy and price tactic, the paper is based on a semi-systematic literature review in three different journals. By focusing the analysis on definitions, concepts, and methodological design in already published research papers the authors are able to present three different types of price decisions that are of a strategic and tactical nature. Already, early in the search process,
the authors point out that the same concepts are used interchangeably in research, and further stress the importance of considering strategic and tactical price decisions in relation to each other. In addition, the perspectives of the store managers are included in relation to the model that Lagin and Gebert-Persson develop.

The three strategic price decisions that the paper brings forward are related to the organisational levels of chain/store, category, and brand, where the latter two have a planning horizon that is assumed shorter than the chain/store strategy. A strategic decision at the chain/store level is concluded to concern both internal and external dimensions, which, largely, are market-related. The determination of this organisational structure is fluid, i.e. adaptable, multidimensional, and continuous. In relation to the store managers, they label these overall price decisions as setting the boundaries for the other activities that can be made in the realms of the store.

A strategic decision at the category level is concluded to concern decisions related to the issue of intra-channel competition, which, in turn, was related to the chain/store. Often, the whole product category is considered, where coordination of decisions and the relationship to the manufacturers become important, as well as which consumers are targeted. Here, the view of the store manager is slightly worrisome since these decisions do not always fit with the individual store.

A strategic decision at brand-level is concluded as an important price decision, but it is considered too narrow to be a strategic decision. Despite this, it is argued in the paper that this is a strategic price decision in relation to high-quality brands, and when individual product characteristics are taken into consideration, since this provides a long-term basis for analysing the difference between retail organisation brands and manufacturer brands. Here, the store managers interviewed point out a need to locally adapt the brands to achieve an assortment that is attractive for the consumer.

The three tactical price decisions that the paper brings forward are related to the organisational levels of category, brand, and product, where the latter two have a planning horizon that is assumed shorter than the category. At category level, the tactical decision is based on the view that it is an unspecified short-term activity to influence the consumer, and the activity is aimed specifically at one type of product, without analysing any effect on the product assortment. This is a vital unit of analysis, due to its short-term nature, but becomes strategically important when decisions are repeated over time (and, thereby, becomes strategic). However, this tactical
level demands, or assumes, a positive outcome, although this might be impossible to follow up for the retailer, which was something the store managers did not do, even if they realised a price tactic did not function as expected. Compared to a strategic decision, the tactical decision at the category level does not involve a relationship with the manufacturer.

At the brand-level, the tactical decision is focused on increasing sales for a specific brand, and largely it is about analysing discounts. If repeated over time, Lagin and Gebert-Persson argue that the brand-level becomes a strategic decision, but that, on its own, it cannot drive profitability. Furthermore, it is pointed out by the store managers that deal saturation might exist.

Lastly, at the product-level, the price tactical decision relates to the price tag and individual store-keeping units (SKU). Efforts at increasing the sales of an individual SKU by determining the price on the price tag, or a discount, are highly related to the retailer’s whole store, since this creates an image of a price level. However, since these types of decisions are changed, basically, on a weekly basis, they are short-term, and the consumers can perceive them as partly natural variances in the price level, or as temporary deals. As a result of the semi-structured review, an analytical framework that combines the retailer’s planning horizon and the number of different strategic and tactical price decisions was developed (see Figure 4, below).

The analytical framework illustrates how the organisational level on which price decisions are made (y-axis), in combination with the time duration (x-axis), leads to a process in which strategic decisions are made, and, thereby, sets the frames for other tactical decisions. However, in this process, the retail manager needs to consider the iterative effects between price decisions that occur due to a dynamic environment, depending on the strategic and tactical nature of the decision. This iterative process means that the tactical decisions made might spark the need to re-define the price strategy originally decided upon. In relation to the store manager’s situation, this model was applicable in terms of the set price strategy determining many aspects of what decisions were possible. However, chain-wide, tactical price decisions were highlighted as a concern, since they not always suited the strategy set at the store level.
In Paper I, it is concluded that by incorporating time and organisational constructs in the definitions of price strategy and price tactics, it is possible to determine the relationship between the decisions, and this might lead to price becoming a strategic capability in the retailer’s organisation. In addition, the authors illustrate that already previous models can be used as a starting point when using the analytical framework.

**Paper II How does the use of in-store discount coupons affect retail revenues?**

In Paper II, a comprehensive field experiment is conducted in Sweden, when investigating how in-store discount coupons affect revenue for retail organisation. The background to the paper is that the use of in-store coupons, despite being a pull discount from the manufacturer, is a retail organisation’s decision when implemented within the store premises. By taking into consideration intra-channel competition, in relation to a broader assortment for several stores, five hypotheses to be tested are derived, which all point to the outcomes of the specific tactical decision, a single, face-value coupon.
H1: Introduction of in-store discount coupons will increase the revenues for the retailer\textsuperscript{31}, from the products included in the offer.

H2: The in-store discount coupon will reduce revenues for the retailer, from other, non-targeted, products of the same brand, due to within-brand switching.

H3: In-store coupons will negatively affect the retail revenues for the retailer, from products of other brands in the same product category, due to between-brand switching.

H4: In-store coupons will reduce the revenues for the retailer, from other products in the assortment, due to the substitution behaviour of the consumer.

In cooperation with one of Sweden’s largest grocery chains, a classical experiment was set up, in which four stores functioned as intervention stores, and twelve stores as control stores. By testing the effects of single, face-valued, in-store coupons on one type of chewing gum brand, in cooperation with the chain, it was possible to use stores belonging to the supermarket format, solely, in one geographical area. There were two different face values: 2 SEK, and 3 SEK. Since the hypotheses stretched from estimation of the effect in relation to the individual product (H1), to the broader assortment (H5), the effect of the different coupons was analysed regarding product (SKU), brand, and product-category level. Hence, the authors take into consideration possible cannibalisation effects. The in-store coupons were placed in direct proximity to the actual product, making them highly visible for the consumer. Due to compliance problems, and another ongoing experiment in the same geographical area, five stores in the area were not part of the experiment. In total, 18 brands (221 products) within the retail stores assortment were used in the analysis.

In sum, H1 was supported. The in-store coupon with a higher face value had a higher sales increase than the coupon with a lower face value, 69\% increase vs. 46\% increase in quantity sold. Although there was a slightly higher difference in the actual outcome, compared with the probability estimates calculated beforehand, the higher face-value coupon was expected to result in a higher outcome than the lower face-value coupon.

In terms of store-specific outcomes, the stores that had the lower face-value coupon (2 SEK) had similar outcomes, while the stores with a higher face-value coupon (3 SEK) had large differences in the increased sales.

\textsuperscript{31} The paper focuses on the retail organisation, so the retailer in the hypotheses is equal to the retail organisation, and not the store manager.
volume, 109% vs. 42%. Since it is concluded that the difference is not due to non-identical price elasticities of demand, some unknown market difference exists between the stores that had the higher face-value coupon. In relation to revenues, this meant that if the manufacturer reimbursed/did not reimburse the cost of the discount, the retailer’s revenue increased by 23 940 SEK/14 728 SEK, using the 2 SEK face-value condition, and by 37 913 SEK/20 768 SEK, using the 3 SEK face-value.

H2 is not supported, since there was no negative within-brand switching. Instead, it seems as if all brands belonging to the manufacturer, even if they are not targeted, increased during the experiment. The total revenue for the retailer, in relation to non-targeted brands by the same manufacturer, was 7 206 SEK. H3 is supported, since the sales volume of substitutable products decreased by 7%, even if the effect can be considered small, and the loss in revenues was solely 329 SEK. H4 is partly supported, since the actual sales volume of other products within the product assortment decreased by 5%, and the revenue from these products decreased by 6 443 SEK. However, in relation to all estimated outcomes related to H2-H4, there were considerable differences in the store-specific outcomes.

H5 - that the total revenues increased for the retailer - was also supported. Calculation of the revenues for the whole assortment, showed that the revenue for retailers, who had the low face-value coupons, increased by 24 374 SEK, while the revenue for those with the high face-value coupon revenue increased by 38 347 SEK, if the manufacturer took the cost of the discount. If this was not the case, the revenues increased by 15 162 SEK, for low face-value coupons, and by 23 480 SEK, for high face-value coupons. Hence, despite the cannibalisation effect for the retailer, the in-store coupon provided the retailer with an increase in revenue, regardless if the retailer, or the manufacturer, covered the cost of the rebate given to the consumer.

In Paper II, it is concluded that it is important for both the retailer and manufacturer to figure out a suitable face-value for the discounts, and that intra-channel competition is more nuanced and broader than what previous research on in-store discount coupons has shown. In addition, the paper raises the issue of failure of implementing price decisions, similar to that in the paper, since there were compliance problems in two of the stores (they were excluded from the study for that reason). The issue here relates to whether the retail organisation and its pricing organisation control for price decisions being implemented, and to what extent failure to implement influences the effect of price decisions.
Paper III Quantity Rebates Using Coupons - A Retailer’s Perspective

Paper III consists of an investigation of the effect of multi-valued, in-store coupons with a quantity rebate on sales of both targeted products and their main substitutes, using data from an in-store experiment in Sweden. The background to the paper is based on the idea that one of the main goals for the retailer is to increase sales volume, and by offering an in-store coupon, based on quantity rebates, it is possible for the retailer to increase the revenues of the targeted product. In addition, it is argued that a coupon with multiple face values, in which the rebate increases depending on the quantity that the consumer purchases, is more profitable for the retailer.

In Paper III, it is argued that in relation to an in-store coupon, two aspects will influence the increased sales volume of the couponed product: the display effect and the rebate effect. In this specific paper, the latter is based on offering different rebates depending on the amount of store-keeping units bought by the consumer. As such, the face value of the coupon is higher when the consumer buys two products, instead of one. In addition, it is argued that the manufacturer is likely to adapt the time duration of a coupon, if they want to implement the coupon within the retail store premises. In relation to the display effect, it is argued that this effect would take place even if there were no price changes made.

The study theoretically assumes a market with imperfect competition, in which both the manufacturer and the retailer maximise their individual profits by setting both the regular price and the discounted price. Due to oligopoly-like market conditions, double marginalisation provides both actors with the economic incentive to decrease the price offered to the consumer, and the quantity rebate aspects of the coupons enable the retailer to achieve a higher increase than usual.

The theoretical discussion ends in a discussion regarding the expected demand effects of introducing a multi-valued coupon, which will increase the demand for the product offered, while it will decrease the demand for substitute products. Given that new consumers are attracted to the product category investigated, the total effect will be an increase.

In cooperation with one of Sweden’s largest grocery retailers, a field experiment was set up, in which three stores were part of the intervention stores, and nine stores functioned as control stores. All stores were geographically located in the same region. The leading brand for chewing gum was, once again, the couponed brand in the intervention stores, and
data was collected at the store-keeping unit level. The analysis allows for store-specific results.

At an overall level, the actual sales increase was more than double as high as predicted, 74.4% vs. 35.4%. Unfortunately, the same discrepancy occurred in relation to substitution products, since the actual sales decrease was 19.2%, while the predicted sales decrease was 7.1%. The campaign added six days of revenue for the retailer, since the total revenue was 12 922 SEK for the coupon campaign, compared to the usual revenue of 2 132 SEK during a normal day. When separating the display and rebate effect, it is concluded in the paper that just 12% of the sales volume increase can be related to the rebate decision, and, therefore, smaller rebates and displays that are more visible are advocated.

Worth noting in this experiment are the differences in outcomes, depending on the individual experiment store. For simplicity in illustration, these stores are labelled Stores A, B, and C, in this summary. Store A had an increase in demand for the couponed product of 52.68%, and a decrease for substitute products of 10.60%. Store B had an increase in demand for the couponed product of 81.65%, and a decrease in demand for substitute products of -25.55%. Store C had an increase in demand for the couponed product of 87.3%, and a decrease for substitute products of -20.86%. This result, despite similar price elasticities, is that the effect of the same price decision provides very different results in different stores, most likely due to the display effect. As calculated in Paper III, the increase in sales due to the discount provided on the multi-coupon is solely 9.8%, while the estimated display effect is approximately 64%.

When calculating the revenue of the in-store coupon, the paper shows that if the manufacturer reimburses the cost connected to the discount, the retailer increases the revenues for the retailer by 16 050 SEK. However, if this is not the case, the revenue is solely 4 850 SEK. The average daily revenues in the product category are usually around 2 132 SEK.

It is concluded in Paper III that the retailer can, due to the display effect, offer lower levels of discounts, and that the display effect can influence the effectiveness of these kind of price decisions at the store level. In addition, multi-valued coupons might not be more effective in increasing revenues, if compared to single valued coupons.
Paper IV Psychological Price Setting Techniques - An Experiment on Odd to Even Prices

In Paper IV, an empirical test in a field experiment is conducted of the volume effect of changing from odd-price endings to even-price endings. The background to the paper is one of the most frequently used price techniques within retailing, even if the studies made so far show diverging results, in relation to product type, and the context in which the store is situated. The basic theoretical assumption is based on the consumer’s price sensitivity, memory capabilities, reading habits, and rounding numbers down. In relation to the price tag, it is a matter of dividing the price tag into two parts, right-hand digits, and left-hand digits. By taking into consideration the retailer’s assortment, brands, and store characteristics, in relation to the odd- and even-ending of the left-hand digits, four hypotheses to be tested are derived.

H1: If an increase in the price takes place when changing from odd to even prices, the retailer’s sales volume for that product will decrease

H2: If the retailer changes the price endings from odd to even prices, the sales volume effect of this decision should be different between stores, due to store-specific heterogeneity

H3: If the retailer increases the price from an odd to an even price of a product, the sales volume effect will be larger for low-priced products.

H4: If the retailer increases the price from an odd to an even price, no sales volume effects are expected for the retailer’s own brands, due to low-price elasticity of demand for such products.

The experiment was implemented in six different stores, in five different regions. Three types of store formats were used, and the implementation schedule ensured that there was always a store format functioning as a control unit for the equivalent store, in which implementation had taken place. The product for which the price was increased was grained coffee, which has a high consumption rate, medium-to-high profit margins, is well known to the consumer, and has a high promotional intensity. The intervention product was divided into brand groups, retailer brand, low-priced brands, and high-priced brands, and intervention took place once in each store, for each brand group. All stores, but one, followed the implementation schedule.

The result of changing from odd- to even-ending prices gave no negative effect for the chain, on the overall sales volume. Hence, H1 could not be supported. In relation to H2, the result from the experiment is inconclusive,
since there were only two stores that indicated that store characteristics might be of importance for the price technique. H3, that the effect would differ depending on the product’s price level, and H4, that the effect on the retailer’s brand would be low, could not be supported. However, it is noted that there is a high degree of differences between the stores in relation to H3 and H4, indicating that either the experiment itself creates a variation in the outcome, or some other store-specific aspect influences the outcome.

The conclusion is that the effect of nine-ending prices does not affect the retailer business on a regional level, and that, overall, the consumers did not react to the change in price. However, at the local level, i.e. individual stores, and in relation to different brands, the effects of the experiment indicate that there can be differences between stores and brands. Hence, the author concludes that there is a possibility for local considerations and adaptations of this price-setting technique, relating to store-specific characteristics and brand characteristics, and that the retailer could increase the revenues by experimenting with minor price changes. This is the case if the product’s own-price elasticity is low, and the sales volume is high.

It is also clear in the paper the there is a need for further investigation, where possible developments could be increasing the panel data, i.e. longer intervention times, and/or stores, where aspects, such as other types of products, location and store format can be considered to a larger extent in the experimental design.

**Paper V Retail price decisions from the perspective of the lower-level manager**

In Paper V, the degree of authority that the store manager has in making price decisions, and what they perceive they can decide upon, is investigated. The background to the paper is the noted tendency that store managers take the freedom of not implementing price experiments that have been previously made. In light of this, it is problematised that the retail organisation’s development has led to the establishment of centralised pricing functions, in which prices are decided upon, and what this implies for the store manager.

As a theoretical lens in the paper, the aspects of where the decision properties within the retail organisation can be placed, i.e. at a central level, or a decentralised level, were used to discuss from which dimensions the store manager’s authority could be understood. To be able to discuss specific types of price decisions, decisions related to competitive position,
consumer segments, and price level are used as lenses to determine what a strategic decision is, while decisions of operational importance, and, thereby, implemented, are considered tactical decisions.

By using this framework, the observations made in relation to field experiments are combined with store manager interviews. The interviews were based on an open-ended interview template, which allowed the store managers to talk freely about price strategy, price tactic, and their work in the store. All store managers within a chosen city were approached and invited to participate in the study, but only six agreed to participate. The other seven chose not to take part because they did not see it as their decision to make, or they claimed that they did not know anything about the topic.

From the interviews, it is evident in the paper that although the store managers had little or no authority to make price decisions, it was possible to put forward ideas at the centralised level. These ideas were more of operational importance, and often concerned the products within the assortment, with a possibility for local adaptions in relation to local manufacturers. Despite this operational authority, the purchasing and pricing negotiations with the local manufacturer were made centrally. The store managers recognised that the store strategy set certain boundaries and that this, sometimes, was in conflict to the chain-wide promotions that were frequently implemented.

It takes experience and gut feeling to manage the performance of a store, which, at times, seems to result in that store managers might make decisions that they are not authorised to make, since they are in charge of the implementation of price tactics. It was also clear from the interviews that the store managers cannot focus on price decisions per se, but rather aspects of creating loyal customers. In light of this, the intensive use of price tactics is criticised, where the price is discounted too frequently. These frequently offered discounts might not suit the specific store, even if, in the long-run, they drive profitability.

In relation to competition, the store managers all recognised the price box to which the store belonged, even if they did not consider themselves to be competing on price at the local market. Instead, competition was made through implementing local manufacturers in the assortment, and that this was the responsibility of the store manager. Despite this, the store managers indicate that purchase price in relation to the manufacturer, their own profit margin, and having competitive prices is a way to survive.
In relation to the consumer, the store managers agree that they cannot avoid working with price, since the consumers expect it. However, they were more focused on adding other values to the assortment than a lower price. It is also in respect of the consumer that the store manager relates price competition to specific products, which the consumers expect to be priced at a specific level.

In relation to the price level, the store managers see this as something that is created from the individual products, and that it is the whole industry that drives the price levels down. In addition, it seems as if the risk is too high if a store manager chooses to set another price.

In conclusion, the paper shows that the centralisation drive has left the store manager with little authority to make price decisions, even if the store managers at times take the authority to make tactical price decisions. In addition, the study implies that local adaption in the assortment can be a way for the store manager to implicitly influence the price decisions made. Hence, in the process of local adaption through local manufacturers, the store manager’s implicit authority can be discussed in price decisions related to the competitors, the consumers, and the price level. In addition, the already tactical authority that the store manager has, since he/she is of operational importance, provides the means for choosing to follow the decisions made, or not.
Discussion of the store manager’s autonomy in price decisions

The store manager is the focus of this dissertation and the following discussion explores the degree of autonomy of this actor in relation to who makes the price decision, how price decisions are made, and the different characteristics of price decisions. The discussion is summarised in Table 4 below.

Table 4. A summary of why high vs. low autonomy can be made in relation to who makes the decision, how the decisions are made, and the characteristics of price decisions.

<table>
<thead>
<tr>
<th>Perspectives on price research</th>
<th>Reasons for assuming high degree of autonomy</th>
<th>Reasons for assuming low autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who decides on the price</td>
<td>Undefined space to make autonomous actions</td>
<td>No formal delegation or authority of specific price decisions exists.</td>
</tr>
<tr>
<td></td>
<td>Lack of control from the retail organisation</td>
<td>Manufacturer relationships moderated through the retail organisation</td>
</tr>
<tr>
<td></td>
<td>Responsibility for store performance</td>
<td></td>
</tr>
<tr>
<td>How are decisions made</td>
<td>Implicitly shaping the strategic and tactical price decisions”</td>
<td>The price negotiation done by the retail organisation</td>
</tr>
<tr>
<td></td>
<td>Responsibility for store implementation</td>
<td>Chain-wide implementation of price decisions</td>
</tr>
<tr>
<td></td>
<td>The store specific differences in intra-channel competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local market knowledge</td>
<td></td>
</tr>
<tr>
<td>The characteristics of price decisions</td>
<td>Ability to influence the store’s strategy through local adaption and non-price related activities.</td>
<td>A pricing/purchasing function is in place in all retail organisations.</td>
</tr>
<tr>
<td></td>
<td>Influence the effectiveness of specific price decisions, i.e. decisions related to the price tag and discounts.</td>
<td>Creation of consistent chain strategies.</td>
</tr>
<tr>
<td></td>
<td>The store manager’s closeness to the consumer.</td>
<td>Close cooperation between the retail organisation and manufacturer.</td>
</tr>
</tbody>
</table>
Who decides on the price

In the overview on price research, it was argued that individuals, at either the retail organisation level, or the store level, usually made price decisions (cf. Mitronen and Möller 2003; Hernant 2009; Homburg et al. 2012; Carricano 2014; Linder 2016). Thus, who makes the price decisions is closely related to the aspect of delegation (cf. Sengul et al. 2012), and, thereby, Gard’s et al. (2013) concept of decision autonomy, in which delegation and authority are dispersed within the organisation.

In line with those who argue that price decisions are made at a centralised level in today’s retail organisations (cf. Carricano 2014; Watson et al. 2015), it is shown in this dissertation that there is no autonomy delegated within the retail organisation to the store manager. Thus, despite the tendency to delegate decisions in a highly competitive context (cf. Sengul, et al. 2012), which the grocery industry can be understood to be, and where other researchers have pointed out that the store manager is autonomous in making both strategic and/or tactical price decisions (cf. Mitronen and Möller 2003; Hernant 2009; Linder 2016), there are no indications of any formal delegation or authority of specific price decisions to the store manager within the retail organisation. In combination with Gard’s et al. (2013) reasoning about functional autonomy, i.e. determining the importance of a decision, the development towards this centralisation indicates that price decisions have become too important for the retail organisation to delegate the resources for making these decisions to the store manager.

Despite the lack of formal delegation and authority in making price decisions, the store manager acts as if autonomy exists in relation to the retail store. Therefore, the store managers can be argued to informally increase their degree of decision autonomy and functional autonomy, when they choose not to implement decisions made by the retail organisation. As such, there is some undefined space for the store manager to choose what to implement within the premises of their own store. This acted behaviour is contrary to how the store manager is expected to behave, according to the retail organisation and the dispersion of decision autonomy in the retail organisation, which indicates that a lack of control over the implementation from the retail organisation can explain the undefined space to act. Since control is one way of making sure that the decisions decided upon are implemented (cf. Hirshleifer 1957; Roloff and Aśländers 2010), restrictions without a sufficient control system clearly lead to deviation from what is supposed to be implemented.
The reason store managers act as if they are autonomous can be explained by a combination of the store managers’ choices in making price decisions as they see fit for their store, and not adhering to the retail organisation’s price decisions. The freedom that the store managers take when deviating from the retail organisation’s decisions could be understood from two perspectives. Firstly, from the perspective of the store manager, there is a perceived misfit of chain-wide price decisions in relation to the store’s performance. Secondly, from the store manager’s perspective, there are indications from the store managers that there is a frustration about the restrictions set in place.

How price decisions are made

When making price decisions, it was argued in the theoretical departure that how price decisions are made is related to the decision-makers behaviour (cf. Pancras et al. 2013; Watson et al. 2015; Bogomolova et al. 2017), the outcome of price decisions (cf. Kopalle et al. 2009; Gauri 2013; Lagin, 2015), and the interrelation between strategic and tactical decisions (cf. Tellis 1986; Diamantopoulos 1991; Ingenbleek 2002; Nagle and Müller 2018).

In relation to the decision maker’s behaviour, this relates to how an individual tends to hesitate and/or rely on intuition when making a price decision (cf. Watson et al. 2015; Bogomolova et al. 2017). Since there is no formal decision autonomy for the store manager, the behaviour of the store manager can be understood as deviant, or resisting, when they choose not to implement a price decision within the store premises, or as complying when they choose to follow what the retail organisation has decided upon.

In relation to a more deviant or resisting behaviour from the store manager, price decisions, if made by the retail organisation, can also be a sign that the store managers, through their structural autonomy, enforce decisions that they see fit, rather than accept what they are restricted in doing, in relation to the centralised pricing function. Thus, the structural autonomy, which Gard et al. (2013) argue concerns the responsibility of a decision-maker to coordinate within the unit, is quite high for the store managers, and allows them to act as if they are autonomous, since they are responsible for the store, and implementations within the stores.

Coordination within the store is an aspect pointed out by Hernant (2009) as being related to the store manager’s responsibility for managing the store performance, which is something that the interview/observation paper indicates is still the responsibility of the store manager. Since the
coordination of a unit relates to an individual’s degree of structural autonomy (Gard et al. 2013), the intra-channel competition is an important factor to consider, as the outcome of a price decision is dependent on e.g. brand cannibalisation, product substitution etc. (cf. Kopalle et al. 2009; Carricano 2014). As the experiments suggest, the intra-channel competition varies between stores, and, as such, it would be logical to assume that store managers consider this aspect since they are responsible for the sum total of the store’s performance.

In relation to the discount decisions tested in Experiments I and II, the outcomes of the experiments regarding an individual store would imply that not all store managers would implement the discount decision, if the store manager were fully responsible for the store’s performance. The reason for this is the different levels of outcomes in the same type of store, despite the same type of geographical market. This further indicates that the store manager, in relation to both the manufacturer and the consumer, would only implement this type of price decision within the store, if it were believed that the price decision would result in an overall positive outcome for the individual store.

Despite the low decision autonomy in relation to both strategic and tactical price decisions for the store manager, the store manager does have some degree of decision autonomy in other closely related decision areas. This will influence how the intra-channel competition can be used as a base on which to make price decisions (cf. Hernant 2009; Bandyopadhyay et al. 2009; Kopalle 2010; Watson et al. 2015). It has been indicated that the store manager has a high degree of decision autonomy in relation to which manufacturers are included in the product categories within the store premises. This factor indicates that the store manager can implicitly shape the strategic and tactical price decision within the organisation, and, thereby, affect how decisions are made.

The reason for this can be found in Paper I, where it is argued that even if a store strategy is set, product-and brand-related decisions affect the store’s strategy in the long-run. This is a more nuanced view of strategic and tactical price decisions than that brought forward by Mitronen and Möller (2003), and Homburg et al. (2013), even if restrictions are in place from the retail organisation regarding negotiation with the chosen manufacturer. Even if this degree of decision autonomy is not related to the price decision per se, it affects the product categories for the store manager, and, thereby, changes the nature of the intra-channel competition.
As a way of locally adapting to the market, which Mitronen and Möller (2003) suggest is the autonomy that a store manager can have when making price decisions, the inclusion of local manufacturers in the product categories results in that price decisions cannot be assumed to be based on chain-wide standardised intra-channel competition any more. The reason for this is that these adaptations will create a unique combination of products for a single store, and, thereby, a unique set of intra-channel competition to account for. This indicates that both the outcome of price decisions, and how one needs to account for the intra-channel outcomes of different manufacturer brands and products, will be influenced by choosing a local manufacturer. For the sake of comparison, the examples that follow are, in first place, discussed in relation to the retail organisation, i.e. that the store manager has a low degree of autonomy in making price decisions, and are then compared to when the store manager is responsible for the store, and can consequently choose to implement price decisions fit for his/her own unit.

In the experiments in which a manufacturer discount placed within the store premises of the retail organisation is tested, all stores were considered to be within one geographical area, i.e. one price zone (cf. Watson et al. 2015), and all stores had the same store format (cf. Kopalle 2010), which corresponds to the price strategy, or the price boxes, in the qualitative papers. Thus, the logic from the retail organisation in how to make this kind of price decision is, theoretically, based upon all stores and that within this particular price strategy for the chain, price decisions in relation to the individual product are made based on chain-wide, intra-channel competition (cf. Gauri 2013; Carricano 2014). By comparison, in the experiment in which the price tag decision changed meaning, different geographical areas were used, as well as different store formats. Here, the logic from the retail organisation would be to price differently, due to different price zones that are marked through geographical areas with different consumer segments, which means that within the frame of the price strategy on that specific market, price decision differs within a store format, i.e. within a chain strategy (cf. Mitronen and Möller 2003; Watson et al. 2015). In both these cases, a store manager would solely consider the store’s strategy, or the price box that they belong to, and make a price decision based on how this influences the store-specific, intra-channel competition.

In this situation, it is not clear if the store manager, by making decisions in such a manner, will consider the chain strategy, since the decisions are more likely market-related, i.e. in relation to the local consumer segments.
As such, price decisions made by the store manager, although not formally allowed, do not necessarily include accounting for the chain strategy, as suggested by Mitronen and Möller (2003). In addition, the iterative process argued for in Paper I would mean that the degree of a store manager’s structural autonomy can vary in relation to several different types of price decisions, while Paper V indicates that the variation in autonomy can be due to ownership structures within retail organisations, where the aspects of the franchise concepts indicate a higher degree of functional autonomy, in comparison to a store fully operated by the retail organisation.

Considering the differences in store-specific outcomes in Papers II-IV, and the fact that it is the store manager’s responsibility to coordinate aspects within the store, it is highly likely that the store manager would, as argued by Andersen (2004), and indicated by Hernant (2009), be able to increase the economic performance of his/her own store. As shown in Paper V, the current restraints in the retail organisation do not mean that store managers do not want to work with price decisions, but rather that there are constraints within the retail organisation that undermine this possibility. Since Gard et al. (2013) argue that the strategic autonomy relates to the authority to make strategic decisions without consent from higher-level managers, these constraints are related to the level of cooperation that the store manager can have with the manufacturer, and the dispersion of autonomy within the retail organisation. Both of which prevent store managers from being fully independent in their strategic autonomy and their decision autonomy.

The characteristics of price decisions

Divided into three general levels, the characteristics of price decisions was explained to be related to store’s strategy (cf. Bolton and Shankar 2003; Pechtl 2004; Olbrich and Grewe 2013; Olbrich et al. 2017), the price level (cf. Zenor et al. 1998; Hall et al. 2010; Banerjee et al. 2016; Snir et al. 2017), and discounts (cf. Levy et al., 2004; Kamakura and Kang 2007; Lee et al. 2011; Fornari et al. 2016).

The formal delegation relating to these price decisions is that of implementation, which is more a matter of practical necessity, and based on the responsibility of the store manager to manage the store, than actually allowing the manager the ability to make price decisions. This means, in line with Gard’s et al. (2013) argument, that the manager is not autonomous in determining any of the characteristics of price decisions. Since there is no
formal delegation of actually making the price decisions, the explanation of the store manager’s autonomy, in relation to the characteristics of price decision, is that it is contingent upon the pricing/purchasing function, in place in all three retail organisations, and the restrictions in place for controlling cooperation with the manufacturer. This indicates that autonomy in relation the different price decisions is, per definition, low for the store manager, and that discount decisions are made in close cooperation between the retail organisation and manufacturer, which has been argued to be the case by, e.g. Dhar et al. (2001), Praharsi et al. (2014), Kumar et al. (2017).

It is shown in this dissertation that the store-strategy decisions, i.e. the price decisions for the chain and store strategies (cf. Mitronen and Möller 2003; Gauri et al. 2008; Olbrich and Grewe 2013), as argued for in Paper I, are a centralised decision to enable the creation of consistent chain strategies. This has also been pointed out in relation to discounts, where these are given because of the retail organisation’s close cooperation with the manufacturer, and the price tag decisions (cf. Bandyopadhyay et al. 2009; Cardinali and Bellini 2014). These two latter characteristics of price decisions are given on the pre-assumptions made by the store manager, and to some extent the retail organisation, about the consumer. Thus, both the restrictions imposed in relation to the manufacturer and the consumer believed expectations, in combination with the non-formal delegation of price decisions, undermine the autonomy of the store manager in choosing the characteristics of the price decision.

Despite this, the undefined space discussed earlier in relation to what is implemented in the store, and thereby the store managers structural autonomy, is related to the discount decisions and the price tag. These are decisions that the store managers can deviate from, while the store strategy seems to be of a pre-determined nature within the retail organisation. However, the ability to influence store-strategy is not based on the decision autonomy of the store manager, but instead on the decision autonomy of adaption through adjustments in the product categories, and other non-price related activities. The type of decisions on which store managers have a high degree of decision autonomy, or for price decisions that they choose to deviate from, are perceived as within the frame of the store manager’s responsibility. As a result, the different characteristics of price decisions will differ in their effectiveness, due to the amount of products and brands that the store carries, and the consumer segments that the store attracts (cf. Dhar and Hoch 1996; Johnson et al. 2013; Fornari et al. 2016).
The possibility of the store manager being autonomous in relation to the consumer is then a duality. On one hand, the store manager can predict the consumer’s behaviour by making price decisions of a certain character, while, on the other hand, the consumer’s expectations actually undermine the store manager’s autonomy, since deviating from a certain type of price decision, for example, the price tag decision, risks upsetting the consumer, instead of pleasing him/her (cf. Grewal et al. 2012; Bogomolova et al. 2015). In addition, the store manager is closer to the consumer, which means that this close market interaction will lead to the store manager making the price decision that he/she sees fit for the individual store. Even if deviation from the implementation scheme is evident in two of the three experimental papers, it was more common that the store managers actually followed the discount decisions, and the change in the price tag. Considering this iterative effect of a product-category decision, which was been pointed out as unique for an individual store, it is then important to consider the actual effects of the different price decision characteristics, in relation to both the retail organisation, the manufacturer, and the consumer.

Regarding the store manager’s possibility of making discount decisions, it is shown that even when similarities between product categories exist, the manufacturer discount implemented within the stores, as a chain wide drop, provided results in varied outcomes in relation to the individual store. For example, Paper III shows that between the three stores included in the experiment, the positive sales volume effect of the discount varied between approximately 52% to 88% the discounted product, while the negative outcome on other products due to the discount was a decrease of between approximately 11% to 26%. Similar types of store differences are indicated in relation to the price tag. Alternatively, as in the case in Paper II, in which single, face-valued coupons were tested, the revenues for the retail organisation increased, even if the manufacturer, in this case, did not reimburse the discount provided to the retailer. If viewed from the store manager’s perspective, the increase in revenue could be considered low (estimated to 10 000 SEK increase/store for the higher face-value, and 7 500 SEK increase/store for the lower face-value, if no store-specific effects are considered), which indicates that there are incentives to not implementing this type of decision for the store manager. Even if the retail organisation and the manufacturer agreed upon it, and even if the consumer expects it.

In this case, the store manager can decide whether a discount or price tag decision is implemented, since there is an undefined space to deviate from the price decisions of the retail organisation, possibly due to lack of control.
In this situation, the actual characteristic of the price decisions, in terms of whether or not it is a price tag decision, or a discount decision, becomes secondary, and it is instead indicated that the store manager, in general, chose not to risk a negative sales volume outcome of a price decision. Within this choice, i.e. not to implement the price decision, lies the risk that the consumers will react to this resistance to provide the same price offerings, as in other, similar stores, and this will then influence the consumers’ behaviour. Despite this risk or possibility to influence the consumers in their behaviour, these type of price decisions are not believed to be within the frame of the store managers’ decision autonomy (see Paper V), or even of interest to them to work with at a local level. Instead, other value-adding activities perceived as non-price decisions are described, such as kids’ night and retirement discount nights.

Although Young and Tavares (2004) argue that value-adding activities are important in determining if a decision should be made in an autonomous way, not all activities are related to price decisions. Instead, the logic behind the activities the store manager chooses to implement within the store can, from a broader perspective, be understood as creating themes to attract the consumer to the store, and are a result of the store manager’s decision autonomy within the frame of existing restrictions from the retail chain. These type of decisions have been argued earlier to affect the outcome of both discount decisions and price tag decisions, in the short-run, but can also influence the price strategy of the store, in the long-run, at least in relation to the consumer. As such, since the store manager can be considered to have a high degree of structural autonomy, this provides the means of influencing price decisions, and shaping the manager’s own store. In this case, the store manager does, solely, have an implicit degree of strategic autonomy, since Gard et al. (2013) indicate that strategic autonomy is undermined if an individual, solely, can influence the strategic decisions, and not actively participate in the creation of the strategy.

That consumer groups, within, and between, geographical areas, i.e. price zones, differ in their behaviour towards price decisions, in general, is normally recognised in price research on how decisions are made (cf. Watson et al. 2015). Nevertheless, that both price tag decisions, and discount decisions would lead to such differences in store-specific performance, within one price zone, was not expected based on previous research. Since this can be related to both the consumer and the manufacturer, it is unlikely that all store managers would adapt to manufacturers, and please the consumers in the same way, by using the
same type of characteristics in their price decisions, or that the store managers expect the same outcome of price decisions. With the outcomes of the experiments in mind, room to make price decisions within the restrictions of the retail organisation leads to store managers, in practice, behaving as if they are fully autonomous. In relation to Paper I, in which it is argued that the store manager’s possible strategic price decisions can be related to the whole store, the category under question, and individual brands, this would, at least, indicate that the store manager can take autonomous actions in strategic price decisions by implicitly shaping the store strategy, as suggested by Linder (2016).

In combination with how tactical decisions can be related to the store manager’s undefined space of autonomy, which, in Paper I, is argued to be related to the category under question, the individual brands, and the individual product, this suggests that the assumed autonomy, argued by Mitronen and Möller (2003) is not necessarily about a discount decision, or a price decision from the perspective of the store manager. Instead, the autonomy of the store manager can be further nuanced by viewing these different types of strategic and tactical decisions, in relation to the structural autonomy of the store manager.

The consequences of embedding the store manager within the manufacturer-retailer-consumer triad

The combined picture emerging from this dissertation suggests that the store manager is restricted in his/her autonomy to make price decisions, but, to various degrees, related to the different types of actors. The differences are a result of the high degree of structural autonomy that the store manager has, the decision autonomy in closely related issues, and the possibility to act as if he/she is autonomous. When viewing this in relation to the manufacturer-retailer-consumer triad, which would concern the autonomy of making a decision in relation to another actor (cf. Moreau et al. 2001), the findings change the initial analytical figure presented at the end of the theoretical chapter (compare Figure 5, below, with Figure 2).

The changes and reasons for why the figure changes are discussed deeper in the subsequent sections below. The figure can be summarised into three parts: how the store manager can comply or resist the potential restrictions decided upon by the retail organisation, secondly, how the store manager is autonomous or restricted in making price decisions, due to a connection between two other actors in the triad, and, thirdly, how the store manager
can be autonomous, or restricted, in direct relation to either the manufacturer or the consumer.

![Diagram of the autonomy of store manager's price decisions as embedded in the manufacturer-retailer-consumer triad.](image)

*Figure 5. Findings of the autonomy of store manager’s price decisions as embedded in the manufacturer-retailer-consumer triad.*

**The autonomy of the store manager in relation to the retail organisation**

In Figure 5, the line between the retail organisation and the store manager illustrates a situation where the autonomy of the store manager in making price decisions, in relation to *who*, *how*, and *characteristics*, can be understood in terms of the duality of complying, or resisting, to the price decisions made by the retail organisation.

Since it is the pricing function which *formally* makes all price decisions within the retail organisation (*who*), by considering chain-wide outcomes and intra-channel competition, at a more aggregated level (*how*), to create consistent price decisions within the retail organisation, possibly by cooperating with the manufacturer (*characteristics*), the expectation is that the store manager should comply to this. As such, when the store manager fully complies with the price decisions made within the retail organisation, there is an acceptance to that the store manager is not the one making the decisions. In addition, this indicates that the store manager accepts that the outcomes of the price decisions are not based on the intra-channel competition of the single store, and that the characteristics of the price decisions are not of any concern for the store manager.
Because the store manager tended not to comply with some price decisions made by the retail organisation, i.e. resist implementing them within the store, there is, however, space in the store manager’s responsibility of managing the store to take autonomous actions. This can allow the store manager the degree of freedom necessary to influence how decisions are made within the retail organisation, which, in turn, would affect the characteristics of price decisions. This would also mean that the store manager implicitly influences those who are making the price decision, since it is no longer the retail organisation’s standardised price decision that is implemented within the store premises.

In combination with the formal delegation of autonomy in the market-related adaption of products and manufacturers, this indicates that the store manager has the space to deviate from, and, thereby, resist, the price decisions made by the retail organisation (who). In that way the manager can be viewed as the one making price decisions to adapt to the local market, by, for example, including local manufacturers, or not implementing certain price decisions (how). This makes it possible for store managers to influence and shape both strategic and tactical price decisions for their own store (characteristics). In sum, it is the store managers’ high degree of structural autonomy, rather than decision autonomy, and the lack of control within the retail organisation that make it possible for the store managers to act as if they are autonomous and have no price decisions that they need to comply with, and, thereby, implement. From the store manager’s perspective, and his/her position as a lower-level manager, this indicates that autonomous actions are possible in both strategic and tactical price decisions, in which freedom exists to make price decisions on the basis of what is unique with his/her store, and the store manager’s aims for achieving a good enough store performance.

The autonomy of the store manager in relation to the manufacturer

Due to the nature of the rules set by the retail organisation, the store manager’s autonomy in price decisions in relation to the manufacturer is moderated, largely, by the restrictions put in place by the retail organisation. This means that in relation to Figure 5, the dashed line between the manufacturer and the retail organisation illustrates a situation where the store manager is restricted in his/her price decisions, due to the connected relationship between two other actors. As such, the connected restrictions for the store manager reside in the negotiations that takes place between the retail organisation and the manufacturer. Since price negotiations are made
by the retail organisation, the retail organisation makes the price decisions in relation to a manufacturer (who), while considering the type of price decision to be implemented (characteristics). As a result, one is likely to assume that the store manager is not fully autonomous in the relationship to local manufacturers, which Gammelgaard et al. (2012) argue is important, in order to be able to make both strategic and tactical decisions.

Store managers, however, do have the possibility of bringing in a new local manufacturer as a way of locally adapting the product assortment, or resisting the restrictions in place due to the connected relationship between the retail organisation and the manufacturer. In Figure 5, the dotted line running between how decisions are made from the store manager’s perspective, and the manufacturer, indicates this.

In relation to the possibility to be autonomous in price decisions, in relation to the manufacturer, the store manager creates a product assortment that makes it possible for the store manager to influence how decisions are to be made, since the intra-channel competition changes, which will affect the outcome of any price decision. This autonomous action is, however, in the long run, balanced by the connected restriction, but functions as a means to establish and create a certain price level within the store. As such, closely related product decisions provide the store manager with the possibilities of influencing some of the characteristics of price decisions.

In terms of resisting the manufacturer decisions, this is related to the connected restrictions for the store manager, bound in the relationship between the retail organisation and the manufacturer. If the store manager believes that a manufacturer’s decisions do not fit with their store, or the consumer, their structural autonomy provides the means for not implementing these decisions without any consequences, and in this situation, as it was with the retail organisation, the store manager can act as if he/she is autonomous. This indicates that the store managers have enough space in their responsibility of the store to act as if they had this freedom and independence in making both strategic and tactical price decisions, at least in relation to the manufacturer. As a result, the implicit and taken autonomy that the store manager can have, in relation to the manufacturer, indicate that the store manager can act as if he/she is the one making the decision (who), by setting the frame for how price decisions are made, as well as the characteristics of these decisions.
The autonomy of the store manager in relation to the consumer

The last actor to account for when the store manager is embedded in the triad is the consumer. Here, the store manager’s autonomy is foremost restricted, due to the connected autonomy/restrictions between the retail organisation and the manufacturer, illustrated by the dashed line running between the retail organisation and the consumer, in Figure 5. Given the formal dispersion of the autonomy in the retail organisation, this indicates that it is the belief that the pricing function in the retail organisation has the consumer knowledge, and that this then restricts the store manager in making price decisions in general. This would then lead to a similar reasoning that is the case when the store manager complies with the restrictions given by the retail organisation. The difference is that consumer targeting in the forms of price zones is the basis for determining the characteristics of price decisions, where it is assumed that the store manager complies and accepts the segmentation in the local market. As a result, the retail organisation makes the price decisions (who), by considering the dispersion of price zones, and thereby accounting for how to segment the market (how), by offering a specific price decision (characteristics). However, since the store managers tend to make decisions that, specifically, fit their store, also in relation to the consumer, these restrictions are not necessarily followed through within the retail organisation.

Instead, store managers are simultaneously faced with restrictions in relation to what the local consumers expect from them. It is these expectations that make the store manager adjust the price decisions on the local market, despite the restrictions imposed by the retail organisation, and the connected restrictions based on where the knowledge of the consumer is usually assumed to be made. As a result, interpreting consumer expectations from the perspective of the store manager leads to the conclusion that the store manager is the one making the price decision (who), since there is a need for local adaption (how), by offering the type of price decisions that the consumers expect (characteristics). The same can be the case if the store manager decides not to comply with the retail organisations price decisions.
Conclusions

By focusing on a store manager as an individual who acts within the retail organisation, this dissertation has shown that the autonomy of the store manager, when embedded in the manufacturer-retailer-consumer triad, can be understood as being restricted, due to the retail organisation’s formal dispersion of autonomy, and the relationships that is established in the original triad. While the former restrictions have been pointed out as common with previous price and retail research (cf. Brock 2003; Homburg et al. 2012; Sengul et al. 2012; Carricano 2014; Dreyer et al. 2018), embedding the store manager in the triad provides an understanding of how the store manager actually can influence price decisions. In addition, when focusing on store-specific performance, which is the responsibility, and, likewise, the structural autonomy of the store manager, it is evident that the interrelationship between price strategy and price tactic becomes embedded in the relationships to the retail organisation, the manufacturer, and the consumer. Here, connected restrictions occur in the original triad, while this also enables the store manager to resist certain price decisions.

Even if the retail organisation has restrictions in place to prevent a store manager making price decisions, which has been advocated in relation to centralised pricing functions to create cost effectiveness in previous research (cf. Carricano 2014; Dreyer et al. 2018), store managers act as if these restrictions are not in place. The store manager is then partly autonomous due to this degree of freedom. In combination with their possibility to adjust the product categories, they are implicitly autonomous to actually effect how price decisions are made in relation to the whole triad. This will also implicitly change the characteristics of price decisions. Thus, this dissertation shows that when the store manager is embedded in the manufacturer-retailer-consumer triad, this increases the possibility for the store manager to act as if he/she is autonomous, and, thereby, influence the strategic and tactical price decisions within the retail organisation.

In line with those who argue that the store manager has the autonomy of making price decisions (cf. Mitronen and Möller 2003; Hernant 2009), this dissertation shows that it is local adaption that can make it be perceived as if the store manager is autonomous, even if they are solely responsible for managing the store. Thus, the structural autonomy that the store manager already has in today’s retail organisation can be argued to provide the means of making price decisions that are not in line with those of the retail organisation. As such, resisting the decisions made by the retail
organisation, as well as those made in the connected autonomy within the original triad, allows the store manager to shape price strategy, in the long-run. In this way, when the nature of price decisions is placed in relation to a less standardised context in this dissertation, the store manager’s autonomy in price decisions can be understood as being related to the product assortment, in which the price strategy is shaped by the individual store manager’s (perceived) freedom in implementation. Placing price decisions in this manner is usually not done within retailing price research (cf. Grewal and Levy 2009; Kopalle et al. 2009; Kopalle 2010; Grewal et al. 2011).

Viewing price decisions in this type of context made it possible to show in this dissertation that several of the original members in the triad simultaneously restrict store managers. This implies that when the store manager actually chooses to act as if he/she is autonomous, the resistance towards the restrictions can be related to all three actors (the retail organisation, the manufacturer, and the consumer), where the goal for the store manager can be either to ensure the store performance, or satisfy the consumer. In relation to previous research regarding the triad (cf. Martín-Herrán et al. 2010; Chung 2012), this dissertation thus suggests that the store manager can disturb the original triad by not complying with decisions usually made in the triad.

This dissertation, thereby, also shows that assuming a fully (formal) autonomous store manager, as some researchers do (cf. Lusch and Jaworski 1991; Hernant 2009; Linder 2016), is not fully applicable. In addition, assuming that the store manager is not autonomous, as some researchers do, is also not applicable. Instead, this dissertation shows that the degree of autonomy for the store manager to make price decisions can be understood as something in-between, where the store manager simultaneously complies with, and resists, the restrictions imposed by the manufacturer-retailer-consumer triad. In this way, this result is more in line with the argument brought forward by Mitronen and Möller (2003), and Homburg et al. (2012), where the store managers make partly adapted price decisions.

**Theoretical implications**

By exploring the store manager’s autonomy in making price decisions, this dissertation shows that, in relation to the micro-foundations of pricing, store managers act in a way that is not always coherent with what a centralised function has determined. This is especially the case when it concerns tactical price decisions, but since there is a clear iterative
connection between the different types of complex price decisions, this result in the understanding that the store manager can also be assumed to influence the set strategy for the store.

This dissertation demonstrates that store managers can, if they wish, make price decisions on the same basis as the retail organisation. In this way, the dissertation contributes with insights on how a store manager, as an actor within the retail organisation, can make and influence the outcomes and characteristics of price decisions, in the same manner as the retail organisation. Since the iterative connection between strategic and the tactical price decisions is easily detected at the store level, this dissertation develops the perspective of how tactical price decisions shape the strategy set for the store, and, in the long-run, the chain, which was suggested by Cox and Cox (1990), Bolton and Shankar (2003), and (Shankar and Bolton 2004). Therefore, this dissertation shows that if the store manager is assumed autonomous, or acts as if he/she is, the outcome of tactical decisions needs to be interpreted in relation to the actual behaviour. In relation to the strategic decisions, it is the behaviour of the store manager that influences the strategy.

In relation to the micro-foundation of pricing, and in line with the basic argument made by Hinterhuber and Liozu (2017) that individuals, rather than the organisation, make decisions, this dissertation contributes with a deeper understanding of how the store manager’s behaviour could be explored to affect the outcome of price decisions. This is the case, no matter who actually makes the price decision, or what type of price decision is in focus. As a result, in comparison with Lusch and Jaworski (1991), Hernant (2009), and Linder (2016), the dissertation provides a more nuanced view of how the store manager can be either guided or restricted by decisions made elsewhere in the retail organisation. As a result, the nuanced view of a store manager’s autonomy means that a store’s performance is not necessarily achieved through sanctioned price decisions from the retail organisation, which is contrary to what Mitronen and Möller (2003), and Hernant (2009) suggest, in relation to store performance.

Despite the focus on a single market for the store manager, this dissertation shows that the same complexity in coordinating strategic and tactical decisions exists for the store manager, as it does for the retail organisation (cf. Kopalle et al. 2009; Nagle and Müller 2018). The difference is, however, that this dissertation highlights that store performance between stores in a single market differs in relation to the same type of discount decision. As such, the intra-channel competition for an
individual store can be used as a way to account for, or explain, the effectiveness of certain price decisions, while controlling for the store manager’s behaviour. Thus, this dissertation points to the importance of accounting not only for different markets and for store-format outcomes, in which the individual store exists as a vacuum, due to its already established position, but also the actual behaviour of the store manager.

From a management perspective, this dissertation draws attention to the importance of the store manager’s actual behaviour, since it is not necessarily the case that one assumes the store manager is the low-level manager making the price decision. Consequently, by avoiding a narrow focus on price decisions, as is beneficial when viewing price decisions to create a more comprehensive image (cf. Leone 2010; Özer and Philips 2012; Fassnacht and El Husseini 2013), this dissertation develops an explorative line of reasoning, in which the store manager can have an implicit autonomy in price decisions, even if the retail organisation puts restrictions on the store manager’s degree of autonomy.

By taking a more comprehensive view of price decisions within grocery retailing, this dissertation also indicates that there might be different degrees of how researchers can control for or assume that the store manager actually implement certain price decisions. This is shown in the differences between how a store manager can be considered autonomous in relation to the manufacturer and the consumer. Based in two different theoretical spheres (cf. Dant and Brown 2008), this dissertation shows that the store manager can influence how price decisions are made by adjusting the product category in relation to which manufacturers are represented within the store premises. However, the actual business-to-business relationship is solely mandated by the retail organisation. Nevertheless, the store manager does have enough freedom in his/her structural autonomy to actually influence the consumers with price decisions that the store manager sees fit, which thus suggests that the business-to-consumer relationship is in the hands of the store manager.

**Practical implications**

This dissertation provides interesting insights in relation to both the store manager and the retail organisations. These insights suggest ways in which these actors can cope with restrictions (store managers), and the risks created when a lower-level manager chooses not to implement price decisions, as determined by the retail organisation.
For the store manager, this dissertation provides a way of furthering their understanding of how they can effect price decisions made within the realms of their own store, no matter if they have the autonomy to make these decisions, or not. Thus, the store manager should consider in which ways the product assortment affects their position in the local market, as a way of changing the store strategy set in place, usually, by the retail organisation. In this way, store managers can, if they wish, assess how the price level of the store will change, due to the iterative effect of a price change to the store’s strategy on a product, if local manufacturers are included to a larger extent. This change should increase the price level in the product category, and could be perceived, in the long-run, as a change in the store strategy by the consumers.

In addition, the store manager should consider whether the decisions made by the retail organisation, in relation to the chain-wide price decisions, are, in fact, beneficial for the overall store performance. Here, considerations should be made in relation to the potential risk of ruining the relationship with the manufacturer, as well as how the consumer could be expected to react. Regarding the relationship with the manufacturer, this means that the store manager should consider if the manufacturer’s discount decisions should be available in-store, or whether it is possible to avoid implementing the actual price decrease, but increasing the sales volume and revenues with other in-store marketing tools. In relation to the consumer, the store manager should make a trade-off between the lower revenue discounts due, and price tag decisions, and the risk of deviating from what the consumers perceive is the normal way of doing things in the industry. Therefore, store managers need to think carefully about this, as they have the opportunity to actually increase their store performance, if done under careful consideration.

This dissertation also demonstrates that the grocery retail organisations should benefit from making price decisions, strategic or tactical, that are locally adapted. Even if this, per se, does not mean that the autonomy of the store manager should be increased, locally adapted price decisions can ensure that the price decisions implemented are made to increase the store’s performance, thus increasing the economic performance of the whole organisation. In this way, the retail organisation should be able to minimise the extent to which store managers choose not to implement centrally made price decisions.

Hence, the retail organisation might also influence the attitude of the store manager in relation to the centralised development of the pricing
function. Since it is indicated that there was some frustration in relation to the current organisational development, the retail organisation should clarify and inform the store managers regarding the price decision system put in place at the centralised unit of the organisation. In this way, store managers can understand why some freedom has been taken away from them over time, while, at the same time, they can provide essential information to the centralised unit regarding local adaption.

Future research and considerations

Although this dissertation is able to further our understanding regarding how the store manager’s autonomy in price decisions can be explored, it has been limited to a single, individual decision, from a single, individual perspective, in a single individual branch, within the retailing industry. This, of course, provides limitation in itself, but so does the chosen context, which also raises some questions for further research. As such, future research in relation to the context, the perspective of the individual, and the individual decision is discussed below.

It was argued that Sweden is a suitable context in which to further our understanding of how the store manager’s autonomy in price decisions could be understood, since Sweden has a large amount of store managers that, due to the ownership structure, could be considered autonomous in their decision-making, in general. If this difference exists in different contexts, even if e.g. Burt (2010) does not mention it, how context-dependent is price-decision autonomy from the perspective of the store manager? Since context, to some extent, is culturally bound, it would be fair to assume that countries with similar market conditions should function similarly, while countries in which the market is totally different are probably different between each other, similar to Watson et al. (2015) argument regarding price zones. In relation to this dissertation, it is indicated that the vertical delegation of price decisions is low. However, just because it seems that the grocery retail organisations in Sweden have a high level of centralisation in their organisation, does this mean that they do not consider the individual stores in their decision-making? In addition, what is a desirable balance of autonomy if the perspective of the store manager is combined with that of the retail organisation?

In relation to context, is the issue of the industry chosen to characterise the store manager’s autonomy in price decisions. The grocery retail industry has within the frame of this dissertation been viewed as an industry that is interesting, due to its fast-moving consumer goods, and its current
organisational development. In addition to this, the products sold, and the decisions made regarding the products are highly debated. This raises the question of how industry-dependent the store manager’s autonomy is in making price decisions. In which way is it reasonable to believe that different branches within retailing function differently, and are being challenged by different problems to solve, in comparison with a branch that makes decisions, practically, on a weekly basis.

With this haste in decision-making, another question that can be raised for further research is whether the autonomy of store managers can be explored differently, depending on the type of decision they are assumed to make in relation to their store (compare e.g. Carricano 2014 with Johansson and Burt 2004). It is reasonable to believe that the type of decision, as with different price decisions, influences to what degree the store manager can be assumed autonomous in his/her decisions? In addition to this, the current market development, in which the store is somewhat fused with aspects of e-tailing, the store manager’s autonomy in decision-making, in general, ought to be of interest, since this leads to more visible, and, possibly, more stable prices through different types of systems within the retail organisations.

This dissertation has not considered the internal processes or systems set in place to control, or implement, price decisions within retailing. Hence, due to this, it is difficult to say anything about the restrictions formalised through decision support systems within the retail organisations. In today’s market, the retail organisation has an immense amount of information available on consumers, and store-keeping units (SKU) to analyse, and it is therefore in need of well-developed decision-support systems (Montgomery 2005; Fildes et al. 2008). This raises the question of what systems are in place that facilitate, or restrict, the store manager’s autonomy, currently, and in the future.

Marketing decision-support systems are characterised by segmentation schemes, population focus, relationships between price, product and marketing strategy, and relationships related to top-line outcomes (Rao, 2000). Hence, the price decision support system is a small part of a larger whole. However, as Montgomery (2005) argues, price-decision support systems lack implementation within grocery retailing and are often viewed as a black box, even if they are aimed at helping category managers in their decision-making. The store managers who participated in this study also share this view. Natter et al. (2007) argue that practical cases of price decision support systems and their implementation are missing. Thus, to
understand the store manager’s autonomy, a deeper knowledge of the decision support systems, in general, and price decision systems, in particular, can help examine the reality in which the store manager works. In this way, the autonomy of the store manager in making price decisions can be discussed in relation to coordination, scalability, implementation, and optimal strategies.
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