



**Wisconsin Grocers Association
Pricing Toolkit
August 2024**

What is in This Toolkit:

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The Wisconsin Grocers Association (WGA) and its national partners are working to address the rhetoric surrounding grocery prices and inflation. Proposals from Vice President Harris and relentless advertisements from independent political organizations over the last few days show how unwilling some people and campaigns are to look at the economic realities of the situation on pricing and inflation.

The following information is for you to use as a resource and so you know what your Association is doing to help. WGA continues to send out information to educate lawmakers, opinion leaders, and the media about the retail food industry. We're proud to represent you, your profession, and Wisconsin's grocery industry.

Here's How You Can Make an Impact:

1. **Don't take the bait:** The industry didn't create this situation and we're certainly not going to take the blame. The facts are that costs have increased in the past four years: the cost of goods and raw materials, packaging costs, hourly wages, salaries and benefits, utilities, fuel costs and more. But even more critical was and is the decimation of the workforce and the cost of finding and replacing workers. We know that some businesses in the supply chain shut down.
2. **Participate in WGA Events like the WGA Innovation Expo on Oct. 15-16:** The Innovation Expo will host decision-makers, like the Department of Revenue, and other key influencers in Wisconsin's Grocery Industry. These gatherings provide a unique opportunity to communicate directly with your peers and other influencers about the importance of the grocery industry in our state. We encourage you to take advantage of the information presented and attend the Expo.
3. **Spread the Word:** Leverage your networks to amplify our message. Whether it's to your staff or talking with your neighbors and friends, your efforts in sharing WGA's priorities and the facts will help us reach a broader audience.
4. **Support WGA's Legislative Priorities:** Stay informed about WGA's legislative agenda and actively support our initiatives. Your support could be the difference in securing favorable outcomes for our industry.
5. **Engage with Local and State Officials:** Your voice is powerful. Take the time to reach out to your local and state representatives to share your experiences and the challenges you face as a grocer in Wisconsin. Personal stories resonate strongly and can influence decision-making.
6. **Contribute to the WGA Political Support Program:** Yes, we need your help! A financial contribution to the WGA Political Support Program is a key component of support for the industry. Your donation helps us advocate for the grocery industry's interests.

So, why are opinion leaders still talking about grocery prices? The accessibility of the industry and transparency of pricing makes it easy for consumers (i.e. voters) to understand. As customers walk into your store, they see you and your staff – decision makers in the community. As customers walk into a hospital, they see a scheduler and a nurse. If they walk into a bank, they'll see a teller or a personal banker.

It was only a few years ago that the pandemic brought an economic shock to our nation and put the retail food industry in the spotlight. Now, you, Wisconsin grocers, are still on Main Street, continuing to serve your neighbors, trying to keep your doors open while operating on extremely thin margins. You're hurting from the same inflationary pressure points as your customers. We know Wisconsin you simply want to be able to stock your shelves and serve your communities.

As key stakeholders in the food supply chain, we all uniquely understand the deep concerns surrounding inflation and its impact on Wisconsin families. The inflation over the last five years caused by the economic shock of the pandemic along with massive federal spending is frustrating for everyone. Consumers rightly feel like their dollar isn't going as far. Increased costs on labor, rent, home and auto insurance, interest rates, utilities; you name it, have a toll on everyone. However, the proposed ideas advance misguided policies and an archaic narrative.

WGA has and will continue to meet with lawmakers and their staff, travel to Washington DC, and engage the media in an effort to distribute accurate information about the grocery industry. Your association recognizes the urgency of addressing inflationary prices, but first, we need to get the facts straight so we are all on the same page.

Recent reports indicate grocery price inflation has significantly cooled. The latest Consumer Price Index (CPI) report for July shows a 0.2 percent increase in overall inflation from the previous month, with food prices rising by 2.2 percent compared to the same time last year. This is a marked improvement from the rapid price hikes seen in previous months and years.

WGA seeks a balanced approach that includes decreased regulatory measures, support for community grocers, and systemic changes to ensure a fair and competitive marketplace. Only through collaborative efforts can we truly bring relief to Wisconsin families and ensure the sustainability of our nation's food supply chain.

Pricing/Inflation

What's the deal: Despite recent information and reports that demonstrate price stabilization, politicians and other organizations are trying to capitalize on pricing issues with misinformation fueled by an ongoing public narrative.

These organizations have focused on the grocery industry due to the connectivity the industry has with households and the community. Most recently, Vice President Kamala Harris has proposed a plan to combat price gouging on groceries as part of her broader strategy to address inflation.

Here are the key points of the Harris Campaign plan:

1. **Federal Ban on Price Gouging:** Harris aims to enact the first federal law against price gouging by food suppliers and grocery stores.
2. **Targeting Unfair Practices:** The plan focuses on businesses that are not “playing by the rules” and are illegally increasing prices. [Harris emphasizes the importance of ensuring competition in the industry to help bring down grocery costs.](#)
3. **Enforcement and Penalties:** The Federal Trade Commission (FTC) and other agencies would be directed to investigate and penalize corporations that violate the rules. [This includes tackling price fixing and other anti-competitive practices in the food and grocery industries.](#)
4. **Addressing Corporate Greed:** Harris’s proposal also highlights the issue of corporate greed, noting that some companies have kept prices high even as input costs have fallen and supply chains have stabilized.

However, most economists agree these types of policies and marketplace interventions tend to raise prices, are unclear if they reduce the rate of inflation, and could even create other market distortions.

WGA Issued the Following Statement to the Press:

Wisconsin's grocers understand the deep concerns surrounding inflation and its impact on Wisconsin families. Inflation over the last few years caused by the economic shock of the pandemic is frustrating for everyone. Increases on the cost of goods, utilities, wages and benefits, home and auto insurance, interest rates, have a toll on everyone. However, the proposals from the Harris campaign and third-party organizations advance misguided policies and run counter to economic history.

Vice President Harris says the government will fine companies that gouge their prices. Wisconsin already has a price gouging law, and the solutions touted nationally demonstrate a puzzling approach to economic policy. There is no evidence to suggest this is a common practice in the grocery business. Why? Because grocers who already work on razor-thin margins, can't arbitrarily raise prices. Their customers will go down the street to a competitor who has a lower price.

It was only a short time ago that the pandemic brought an economic shock to our nation and disrupted the grocery business from end-to-end. Inflation shot up to 9%+ and every cost in the supply chain, from growers, producers, manufacturers, suppliers, transportation and more all saw their costs increase to produce the same products.

The economic reality is that these increases are now "baked into the cost of products" which are what shoppers see on store shelves. But here's the scoop, costs simply don't come down. Inflation goes up and down, but it is not the price. It's the rate of increase.

Equally as important was and is the disruption of the workforce and the cost of finding and replacing workers. Increased costs plus workforce shortages cause long-lasting issues throughout the entire supply chain.

Politicians, for all their campaign rhetoric, can't just wave a wand and reduce grocery prices. These types of policies would almost certainly have the opposite effect of what they intended. Marketplace interventions tend to raise prices. They are unclear if they reduce the rate of inflation and could even create other market distortions. History signals that, when government gets involved, costs go up just to comply with new government regulations.

The good news is that Wisconsin grocers will quietly do what they always do, show up early and stock the shelves to serve their communities. They'll focus on keeping their prices as competitive as possible and providing quality products with great service.

The Wisconsin Grocers Association represents nearly 500 independent grocers, retail grocery chain stores, warehouses and distributors, convenience stores, food brokers and suppliers. Wisconsin grocers employ over 30,000 people with over \$1 billion in payroll and generate more than \$12 billion in annual sales in Wisconsin resulting in approximately \$800 million in state sales tax revenue. (Data provided by The Food Institute).

WGA Issued the Following Statement to Opinion Leaders and Policymakers:

WGA: Focus on Economic Fundamentals, Not Misguided Policy

As key stakeholders in the food supply chain, Wisconsin's grocers understand the deep concerns surrounding inflation and its impact on Wisconsin families. The inflation over the last four years caused by the economic shock of the pandemic and massive federal spending is frustrating for everyone. Consumers rightly feel like their dollar isn't going as far. Increases in the cost of goods, utilities, wages and benefits, home and auto insurance, interest rates; you name it, have a toll on everyone. However, the proposals from the Harris campaign advance misguided policies and run counter to economic history.

Vice President Harris says the government will fine companies that gouge their prices. Wisconsin already has a price gouging law, and the solutions touted nationally demonstrate a puzzling approach to economic policy. There is no evidence to suggest this is a common practice in the grocery business. Why? Because grocers who already work on razor-thin margins, can't arbitrarily raise prices. Their customers will go down the street to a competitor who has a lower price.

More importantly, these types of policies and marketplace interventions tend to raise prices, are unclear if they reduce the rate of inflation, and could even create other market distortions.

The focus on food inflation shows some are choosing to ignore the facts. Recent reports indicate grocery price inflation has significantly cooled. The latest Consumer Price Index (CPI) report for July shows a 0.2 percent increase in overall inflation from the previous month, with food prices rising by 2.2 percent compared to the same time last year. This is a marked improvement from the rapid price hikes seen in previous months and years. The report highlights that while certain categories such as meats, poultry, fish, and eggs saw price increases of 2.6 percent, others, like fruits and vegetables, experienced a decrease of 0.5 percent. This change is illustrated by the broader trend of price stability across the economy.

The narrative on inflation needs more detail. As inflation goes down, prices will stabilize. In 1984, the United States had 14% mortgage rates, 13.5% inflation, and the price of a brand-new home was \$97,000. Ultimately, inflation went down as did interest rates, but prices...not so much. Put in a 2024 context, a 1% mortgage rate increase on an average Wisconsin home raises the price by about \$59,000. That's a lot of steak and eggs.

Even Wisconsin's own Consumer Protection Department declares, "When demand is high and supply is short, manufacturers, wholesalers, and retailers all experience increases in costs to expedite bringing additional products to market...It's not unusual to see an increase in prices with sudden increases in demand or decreases in supply."

Wisconsin grocers must do business in a competitive environment. They continue to operate on extremely thin margins and are hurting from the same inflationary pressure points as their customers. So, leave the grocery stores out of the political headlines. Wisconsin grocers simply want to be able to stock their shelves and serve their communities.

WGA seeks a balanced approach that includes decreased regulatory measures, support for community grocers, and systemic changes to ensure a fair and competitive marketplace. Only through collaborative efforts can we truly bring relief to Wisconsin families and ensure the sustainability of our nation's food supply chain.

National Resources:

National Grocers Association

A STATEMENT FROM NGA PRESIDENT & CEO GREG FERRARA ON THE PROPOSED PRICE GOUGING BAN FOR GROCERY STORES - National Grocers Association

FMI

FMI Statement on Misconceptions about Food Price Inflation and Industry Practices – August 15, 2024

FMI Statement on July CPI Food Price Numbers – August 14, 2024

USDA Food Price Outlook; overview

FMI blog: A Deep Dive into Summer Food Prices – August 13, 2024

FMI Hill staff briefing: Food Prices and the American Consumer; slide deck – March 15, 2024