



The Implications of Dual Pricing

On 9th June 2003 Gordon Brown announced that Britain had failed four out of the five economic tests used to decide whether Britain would join the Euro or not. All information is at present suggesting that Britain will not be joining the single currency within this Government's term, although the issue will be revisited next year and a Referendum Bill is planned ahead of the next General Election. Whether the UK join or not, the Euro is likely to become an increasingly acceptable form of payment in the UK.

With this in mind, retailers who take the opportunity to get ahead of the game in terms of considering how to accept Euro payments and the implications of different price points on conversion are likely to be at an advantage. Furthermore, those who take a position of industry leadership have a unique opportunity to set standards. They can shape the expectations of their trading partners and reinforce relationships.

The majority of retailers to date, are taking a 'wait and see' approach. The problem with this is that when you do discover what has to be done, you may be constrained by the time and resources you have left. Considering the implications now will result in long-term benefits.

Author: Nicky Doyle
Contributor: Ian Steward

For retailers already operating in the Eurozone, implementing dual pricing (in both euros and sterling) at this stage has a number of more immediate gains. The key advantage is the cost saving implied by getting product from supplier to store more quickly through ticketing at source, rather than at individual distribution centres or warehouses. Also, retailers will benefit from speaking the same language as 289 million consumers across Europe, who may be more likely to spend money in your store if they can pay in Euros.

Whilst there is no 'one size fits all' in terms of procedures to follow when dual pricing, there is key legislation and advice that any retailer considering the change should adhere to. Currently, there is no court precedent, but anecdotally, this is likely to change in the near future as Trading Standards representatives start to take action against retailers who are in breach of the relevant legislation in terms of how they are dual pricing in store.

This report outlines the results from a survey specifying the proportion of retailers who are currently dual pricing in the UK, and the methods that they are employing – both right and wrong. The report also summarises the key legislation that retailers should be adhering to, and offers best practice recommendations and advice for retailers considering dual pricing.