



Wal-Mart Toy Promotion: Round II Brings the Hammer Down Nov 2008

M. Eric Johnson, Professor

On November 6, as the economy sunk deeper into recession, Wal-Mart announced a broad price rollback in the toy aisle as part of a wide promotion that included many seasonal price cuts and a special one-day Saturday sale on selected items. Unlike the October rollback that was limited to a surgical cut on a set of ten products priced at \$10, the November rollback included over 200 products spanning every category and price point. This pricing strategy represents:

1. A broad competitive move designed both to drive traffic to the stores and to win total toy purchases. Unlike the October rollback that was simply designed to drive traffic, this move is designed to win the toy wars.
2. A wide range of price drops from 2-30%. While deep, the rollbacks were more notable from their breadth across every category and price point.
3. A move that would be very hard for others to follow –thus far (11/7) Target matched few of the drops. The exhibit below provides a representative selection of price comparisons.

Walmart Nov Toy Promotion - Price Comparison

Toy	Walmart		Target
	Was	Rollback	
VTech - Baby's Learning Laptop	\$ 14.87	\$ 12.50	\$14.99
Hot Wheels Volcano Shoot-Out Playset	\$ 45.76	\$ 44.97	\$49.99
Littlest Pet Shop Virtual Interactive Pet	\$ 13.88	\$ 10.00	\$14.99
Air Hogs Havoc Stinger Radio-Controlled Veh	\$ 29.97	\$ 25.00	\$31.99
LeapFrog Learn and Groove Radio	\$ 19.97	\$ 16.97	\$19.99
Hasbro Games Scrabble	\$ 14.88	\$ 12.00	\$15.99
LeapFrog Leapster Learning System	\$ 59.84	\$ 49.97	\$49.99