

The Dollar Tree Price Raise

Measuring brand impact of a business pivot

Henry Chapman
Research Analyst



Dollar Tree's Contentious Business Pivot

Dollar Tree has successfully executed a contentious business pivot without negative impact to its brand value.

This brief surveys reasons behind the pivot as well as customer responses that reveal that ultimately, the pivot was a successful venture that did not negatively impact Dollar Tree's brand.

Dollar Tree Reacts to Changing Economy

Dollar Tree, founded in 1953, started selling items for \$1 in 1986. At the time, it was mostly popular in the eastern parts of USA, but it grew by acquiring a series of smaller dollar store chains across the US. Until recently, it was one of the last stores chains operating under the “everything’s a dollar” motto.

Responding to long-developing supply chain constraints, Dollar Tree took a massive business pivot in November 2021: the chain raised prices of most goods to \$1.25 per item.

Dollar Tree's Need to Pivot

Economic Conditions Make Pre-Existing Prices Untenable

While the company publicly denied that the price increases were due to inflation, economists point out that economic conditions were the impetus for the price raises – more specifically, supply chain constrictions. Dollar Tree faced down unprecedented supply shocks in 2020. Their business, primarily grocery and dry goods, was particularly affected by the logistic bottlenecks associated with international shipping backlogs. The price-hikes were necessary to keep the business viable.



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Dollar Tree raises prices to \$1.25, and it says it's not because of inflation

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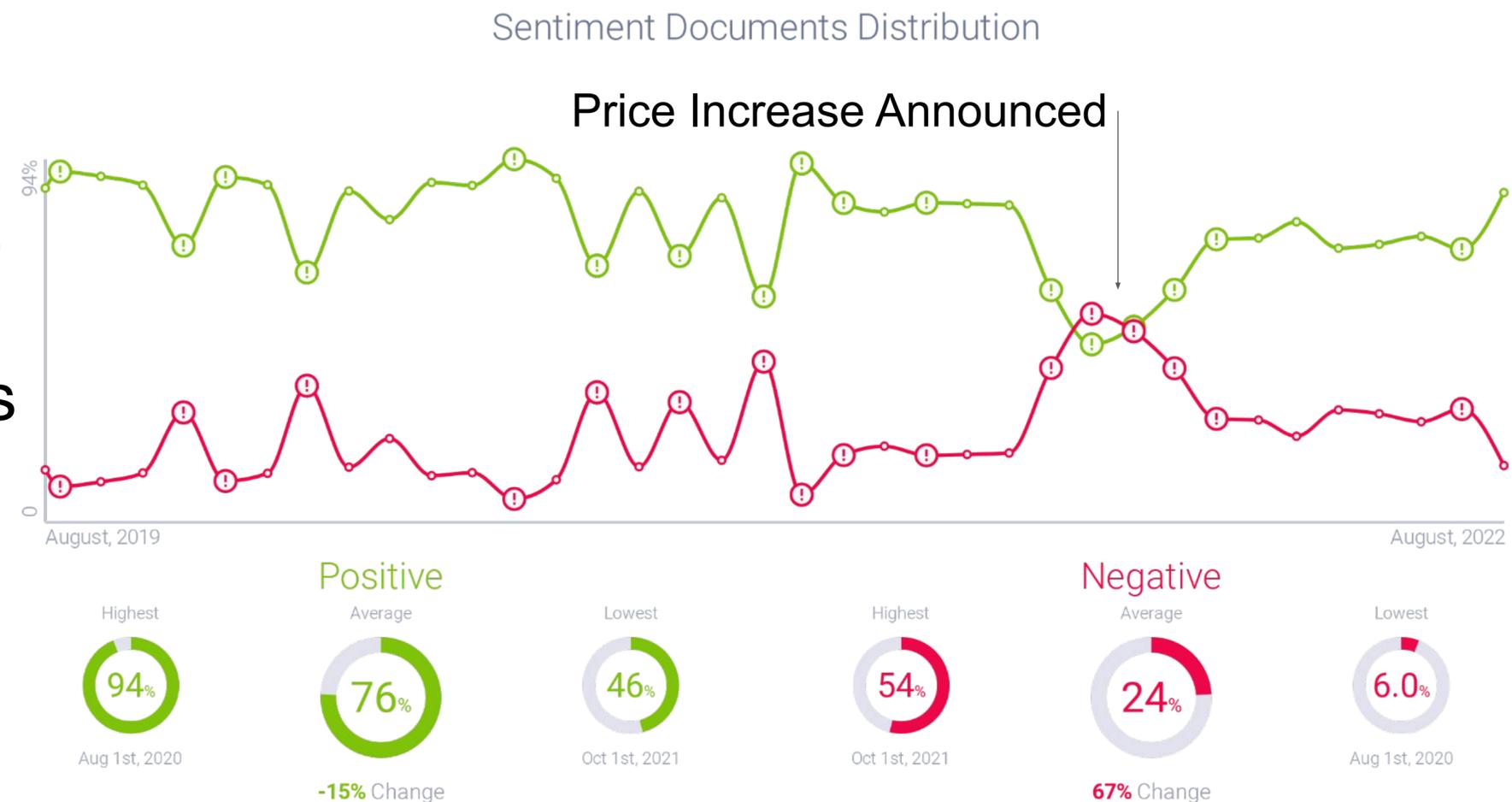
First Published: Nov. 23, 2021 at 8:50 a.m. ET

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The company says the higher prices will allow it to offer a wider range of merchandise

Results of the Pivot

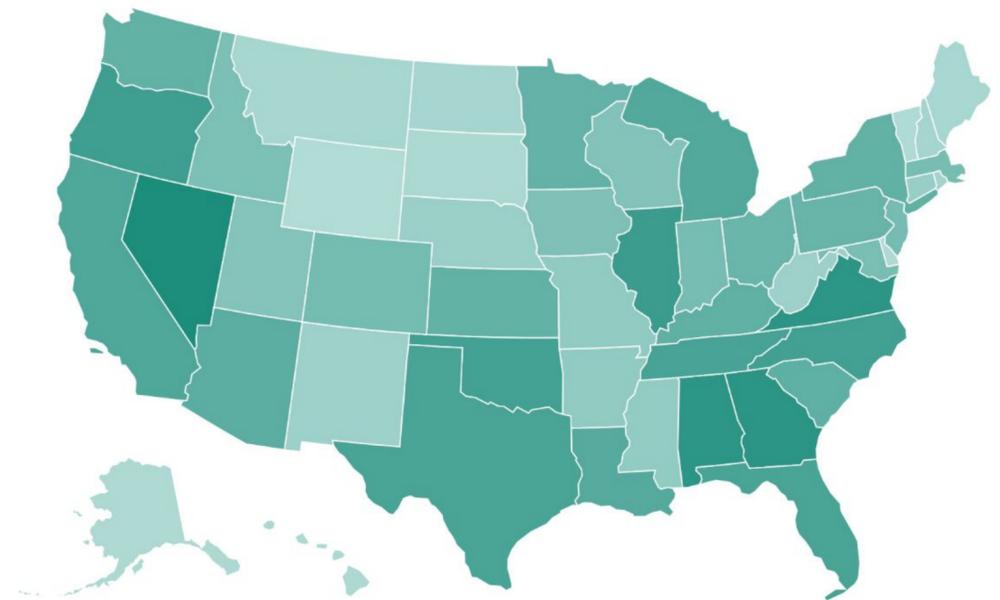
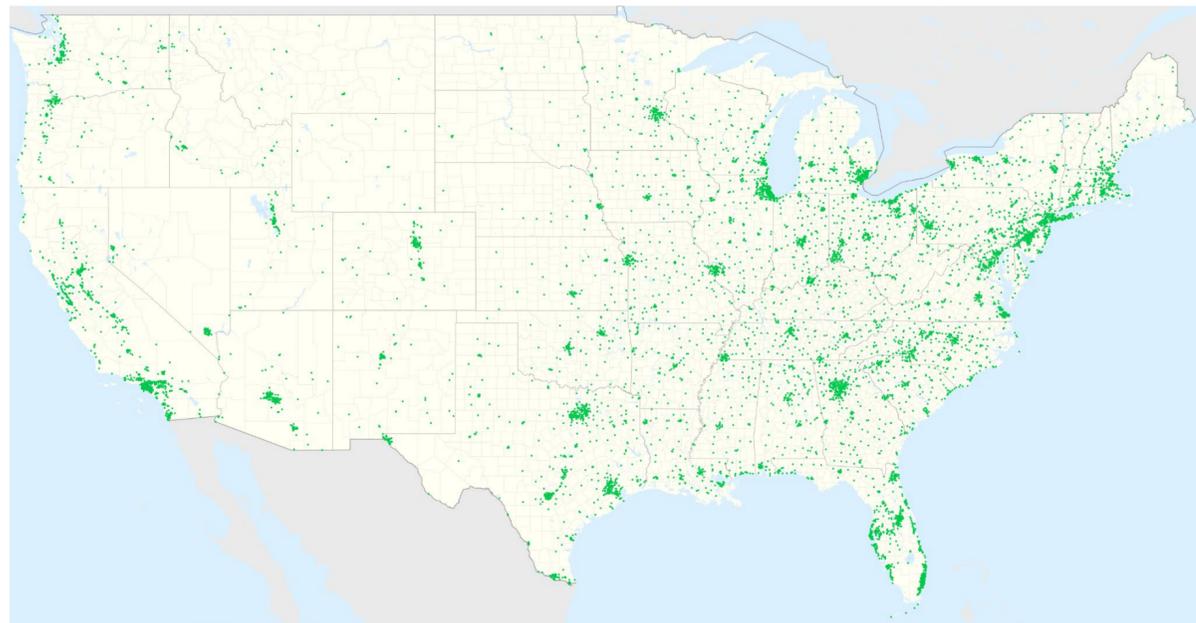
Dollar Tree's price increases represented a tremendous risk for a company that staked its entire identity on keeping prices steady at \$1.00. However, Dollar Tree reported a 30.1% earnings per share growth in Q2 2022. Additionally social listening data shows overall Dollar Tree sentiment is just short of it's all time high positive sentiment score.



Why Dollar Tree's Pivot Worked

Low competition for a niche customer-base

Dollar Tree has found a niche in places where consumers cannot rely on traditional grocery stores e.g, very rural communities or urban food deserts. Therefore, Dollar Tree didn't lose customers with the pivot since their customer-base has limited purchasing options.



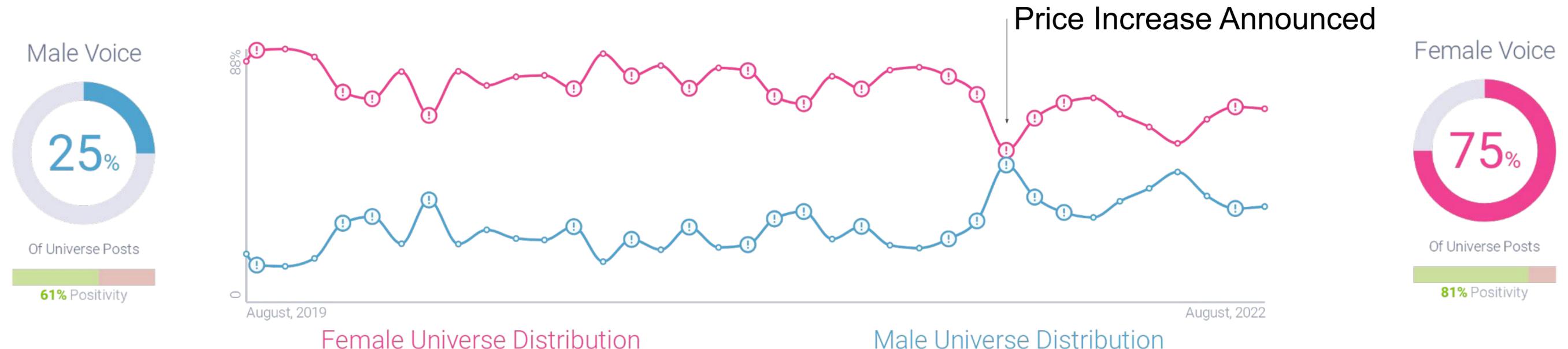
The map on the left shows Dollar Tree locations around the US. Map on right shows Infegy Atlas conversation around Dollar Tree.

Why Dollar Tree's Pivot Worked

2. Net positive online sentiment (continued)

In November 2021, the month Dollar Tree announced the price increase, the percentage of men talking about Dollar Tree doubled, while the percentage of women talking about the chain was cut in half. Those men, on average, were 20% less likely to speak about the brand positively during their conversation. This would be alarming except, looking at conversations over the 3 years, **data reveals this share of male audience to be atypical for the brand.**

Also crucial, Dollar Tree's **female share of conversation returned to the mean shortly after the price increase**, suggesting that negative conversation was temporary, and didn't pose lasting damage to the brand.



Why Dollar Tree's Pivot Worked

3. Demographics of Dollar Tree's critics



Examining Channel Distribution provides further evidence of non-traditional post volume: Pinterest typically houses 84% of the Dollar Tree conversation. After the price increase, conversation spiked on Twitter, representing critics hopping on Twitter to discuss their displeasure. This Twitter share of was not only atypical for social conversation around Dollar Tree, the conversation was predominantly male while the typical conversation on Pinterest represented a predominantly female voice. Furthermore, shortly after the price hikes were implemented, **Pinterest's share of Dollar Tree conversation returned to normal.**

Conclusion

Examining a successful business pivot

Dollar Tree took a risk by altering a fundamental part of their business. They succeeded, as shown by the growing stock price and earnings per share. Dollar Tree's pivot worked because their rural and urban customer base didn't have a lot of alternative shopping options. Additionally, unprompted and unfiltered online conversation reveals a net positive sentiment from Dollar Tree's typical conversants (those who discussed Dollar Tree prior to the pivot, as well as after). While Infegy data showed possible threats to user sentiment and brand perception, those setbacks proved to be temporary, and online conversation quickly returned to the mean.

How Can You Use This Information?

Brand Management

Use Infegy Atlas to monitor your market's reception of new business pivots (i.e. Making Instagram more like TikTok)

Consumer Behavior

Use Infegy Atlas to learn what your audience wants (i.e. images on Instagram) and use that to guide social media strategies and business decisions.

About Infegy

We're changing the way companies listen to consumers, and what they do about it.

- Robust social listening data and analysis
- Quickest view of consumers' thoughts and sentiments
- Unmatched client experience and support
- Agile approach to products and services



ENDEAVOR



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UNDER ARMOUR

MINTEL



Our Dataset

- Social dataset spanning hundreds of billions of posts and growing fast.
- Data collection that best mirrors varied real-world populations.
- Unlimited data access provides flexibility to obtain the context that matters.
- In-house data storage allows for unmatched speed to insight.



Contact Us

Learn how you can use Infegy Atlas to obtain insights like these. Contact us at sales@infegy.com to schedule a custom demo.