



Dynamic and Personalized Pricing: What Pennsylvania Lawmakers Should Know

March 4, 2026

State legislatures are examining two related but distinct pricing practices: **dynamic pricing**, where prices adjust based on market conditions like demand, inventory, or time of day, and **personalized pricing**, where businesses use customer data to tailor offers to individual shoppers. Both are widely misunderstood.

Despite speculation, there is no comprehensive evidence that either practice is being used to harm consumers. In highly competitive markets like grocery and retail, where shoppers can compare prices instantly, these tools are used to deliver savings, move inventory, reduce waste, and compete for customers.

Electronic Shelf Labels Are Not a Surge Pricing Tool

A central concern in recent proposals is that electronic shelf labels (ESLs) allow grocery stores to change prices throughout the day, enabling surge pricing on essentials. **The evidence does not support this.**

The largest peer-reviewed study of ESLs in U.S. grocery stores, conducted by researchers at UC San Diego, Northwestern, and UT Austin, examined over 180 million price observations across 114 stores before and after ESL adoption. The finding: surge pricing was "**basically nonexistent**," both before *and* after stores went digital. Discounts were actually slightly *more* common after ESL adoption.¹

What ESLs do in practice is enable grocers to mark down perishable goods nearing expiration more quickly and accurately, which reduces grocery food waste by up to 21%.² They also improve price accuracy and reduce the labor cost of managing price changes by up to 80%,³ savings that help keep grocery operating costs down. **Restricting this technology would not prevent surge pricing that isn't occurring. It would remove a tool that reduces waste, improves accuracy, and lowers costs for grocers and shoppers alike.**

¹ Ioannis Stamatopoulos et al., "Electronic Shelf Labels Have Not Led to Surge Pricing in US Grocery Retail, Despite Regulator Concerns," SSRN, May 27, 2025, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5271491.

² Brian Maloney, "Digital Labels Can Help Grocers Waste Less Food," *McCombs News*, Dec. 17, 2024, <https://news.mccombs.utexas.edu/research/digital-labels-can-help-grocers-waste-less-food/>.

³ Jessica Vician, "Electronic Shelf Labels Deliver Flexibility & Eliminate Pricing Errors," *IGA Insights*, Jul. 19, 2023, <https://www.iga.com/insights/electronic-shelf-labels>.

Personalized Pricing Delivers Real Savings

Legislation targeting personalized pricing typically restricts the use of consumer data in pricing decisions. But consumer data is exactly what makes many everyday discounts and savings possible:

Practice	Data used	How it helps consumers
Personalized coupons	Purchase history	Your grocery app sends you \$2 off cereal because you buy it every week, or a deal on diapers because you have a baby at home.
Loyalty rewards	Membership and purchase activity	Your store gives you member pricing on items you buy most, or sends a discount because you haven't shopped there in a while.
Senior and student discounts	Age, enrollment status	A retailer verifies eligibility and offers a percentage off, stretching tight budgets.
Small business offers	Browsing behavior, preferences	A small online seller sends you 10% off because you favorited their product. A local retailer offers a discount because you've browsed their site.
New product promotions	Purchase history, preferences	A new grocery brand uses targeted coupons to reach shoppers who buy similar products, building a customer base and competing on price.

These are not harmful or exploitative practices – they are how price-sensitive shoppers stretch their budgets. Restrict the use of consumer data in pricing, and every one of these practices is at risk.

Our Recommendation

We urge the legislature not to restrict the use of data-driven pricing. The harms these restrictions seek to address are speculative, but the savings they would eliminate deliver real value to Pennsylvania families. **No state has enacted a broad ban on algorithmic or dynamic pricing, and Pennsylvania should not be the first.**

If the legislature moves forward, any bill must be carefully drafted to protect consumer benefits. At minimum, it should limit restrictions to data-driven price *increases* above the baseline regional price, targeting harm without eliminating savings.

Chamber of Progress welcomes the opportunity to serve as a resource as the legislature considers this issue. For more information, contact Brianna January, brianna@progresschamber.org.