How to win with shoppers in a price-transparent world

Consumers today are smarter and savvier than ever. Over the past decade, the continually growing use of the Internet has made it easier and faster to comparison shop. During the “Great Recession,” shoppers learned to lean even more heavily on the Web to do research and find good deals. Now, as the economy recovers, these sharp consumers are not about to go back to their old ways. In addition, future technology advances will only make it easier for consumers to comparison shop. So what’s a retailer to do?

Use their intelligence, or more specifically, their price intelligence. Rapidly becoming a best practice at online retail and consumer products companies worldwide, price intelligence refers to computer-based systems that identify, compare and analyze pricing and other revenue-related data for a business’s own operations as well as its competitors – data that is critical to making informed pricing decisions. Providing the ability to instantly evaluate the market impact that competitor price changes create, price intelligence allows retail management to gain a deep understanding of what each change means for margin and market share.

And, as important as price monitoring is, today’s price intelligence systems move beyond simple price analytics to monitor every aspect of a product a retailer needs: product descriptions, model configurations, assortments, warranties, service terms, taxes and, now, quality ratings for specified products and seller rankings. Since consumers are making buying decisions not only on price, but also on availability, shipping charges and other terms, qualitative product reviews and sellers’ reputations, advanced price intelligence solutions offer retailers the same information. In short, price intelligence lets retailers see what their competitors are offering, as well as everything their customers see when they are researching and shopping online.

The decision to bypass manual data collection, the traditional method retailers have used to track competitive offerings, and move to an automated intelligence system may seem obvious. But it has only been in the last few years that advanced providers have been able to offer automated systems with the speed and coverage required to keep pace with fast-changing online dynamics.
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Along with monitoring hundreds (or thousands) of products, price points, terms and quality rankings at multiple competitive websites, today’s advanced price intelligence systems provide individual sorting, filtering and report configuration for all available product criteria, exception reports, configurable alert notifications, time series analysis and meet/beat ratios. Aggregated rate information allows retailers to conduct incisive rate analytics and integrate online competitive comparisons with in-house price and forecasting solutions.

Access to this type of data is beneficial to a retailer only if it is in usable, easy-to-understand formats. The most advanced price intelligence systems on the market turn the data into true information, giving retailers full trend analysis with detailed analytics on specified product categories and competitors.

Solid market price intelligence also facilitates comprehensive modeling and ongoing “what if” analysis that is crucial to price optimization. In fact, a lack of this type of information leads directly to market paralysis – the inability to rapidly update and optimize prices in response to market forces, which places the ability to meet revenue and profitability targets in serious risk.

The bottom line: The retailer has the ability to respond with fast changes to maximize the customer’s benefit. For online retailers, abandonment rates can drop significantly, positively impacting sales, revenue and profitability. Perhaps most importantly, the retailer can confidently establish itself as the source of the best and most up-to-date offerings available, creating often-dramatic long-term impact on brand.

With access to a precise and complete market picture, and the ability to create digital mashups of high-quality data, retailers can obtain accurate, real-time comparisons. Constant monitoring of online marketplaces and competitor portals means that they can identify critical market events – including competitor discounting, lack of product availability and even promotions – as they unfold. With this type of up-to-date information, retailers can quickly make market-smart decisions.

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