

Using e-commerce data to build successful pricing strategies

Euromonitor International's new report, '*How to optimise your pricing strategy using e-commerce data*', looks at how building an effective pricing strategy is critical to the successful sales and marketing of any product.



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According to the company's research, global brick-and-mortar retail sales experienced a decline between 2013 and 2018, while e-commerce more than doubled to reach over \$1.7 trillion in 2018 with an expectation to double again to \$3.4 trillion by 2023.

“The growth of e-commerce across the global retail environment cannot be ignored. As more and more businesses go online to find their consumers, this creates unprecedented opportunities to gain deeper, actionable and real-time insights into their product assortment and pricing mix at a category, brand owner, brand and individual product level,” states the market research company.

According to a Euromonitor International consumer insights survey of professionals across 9 key industries, digital presence is a very important component of their companies' value proposition, but the majority of these companies do not see themselves as digital frontrunners and in most cases feel that they are falling behind other organisations. As the shift to digital retail gains pace, organisations face a multitude of challenges to stay ahead of their current competition and fend off new threats from new companies and brands entering the market.



Algorithms are maximising profits for online retailers by colluding to keep prices high

Graeme McLean 5 Mar 2019



Adapting to the digital landscape

The rise of e-commerce means that businesses are consuming more detailed and frequent data than ever to inform their strategy but making sense of all that data remains an enormous challenge. The new white paper highlights a few ways that

a business can use e-commerce data and solutions to implement different strategic initiatives, helping them adapt to the ever-changing digital landscape.

- **Building and managing an effective pricing strategy:** Companies that price their products appropriately are typically rewarded with healthy profits and revenues.

- **Creating an effective promotional plan:** E-commerce data enables companies to distinguish between those products which have a consistently low price point, those which are seeing their prices being steadily or rapidly discounted, and those products which are going on / off sales promotion such as “buy one, get one free” or “two for the price of one”. Knowing when, where and how often a competitor runs promotions is valuable insight to build a promotional plan.

- **Aligning price to product attributes:** By capturing and organising detailed product attribute information for every SKU alongside each SKU's retail price, e-commerce data helps companies calculate the optimum price point for products within their existing portfolio based on the attributes that they carry.

- **Aligning price to market and retail landscape:** If the market is highly fragmented with many brands and SKUs each competing against each other, companies are typically obliged to employ a more aggressive pricing strategy to defend or grow their share of ‘shelf’. However, if the market is highly consolidated with a handful of competitors dominating the category with a high percentage share of the overall SKU count, then pricing is largely set and controlled by these competitors.

To learn more about executing these steps, [download the white paper](#).

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