

BMi Research identifies a new trend amongst tech-savvy and price-conscious consumers

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With the cost of living constantly rising, consumers are demanding greater value from retailers when it comes to making purchasing decisions. Increasingly, that means "spying before buying", with tech-savvy consumers scouting around online to compare products, prices and promotions at different retailers before deciding where to spend their money.

This is a major trend in the UK, where retailers have moved their e-commerce sites beyond just traditional shopping portals to highly efficient comparative pricing tools that allow, even encourage, consumers to compare prices. Some retailers are so confident of their competitive price proposition, that they actually reward those value-conscious shoppers that take the time to weigh their prices up against those of their competitors.

These are the observations of Gareth Pearson, CEO of pricing specialist, BMi Research, who says that the web pricing landscape in the UK is very dynamic, and a sign of things to come. "In the UK, an estimated 9% of all retail trade is done online, so it's no surprise these retailers have come up with novel ways to drive sales using the online platform. Price comparison wields major influence over how and where consumers spend their money. Shopping giants like ASDA have taken this into account in introducing features such as its online Price Guarantee, which allows consumers to price check their shopping, bought at a rival retailer, against ASDA's prices. If it's found that ASDA is not 10% cheaper than the rival retailer, it instantly refunds the consumer the difference in cost. That's how competitive UK retailers are getting over price, and how they're using this powerful differentiator to lure customers in this sustained economic downturn," he says.

Although e-commerce is still in its infancy in South Africa - only a handful of major retailers have fully-fledged e-commerce sites (some only place their broadsheets online), and less than an estimated 0.5% of retail trade takes place online - consumers are actively using the internet to compare prices.

"There are at least 10 million (and growing) South Africans who have access to the internet between their desktops and mobile phones, and they're using it to look for better prices, specials and promotions," Pearson adds.

Consumers and shoppers are able to successfully compare their own prices with those of their competitors to ensure they are offering their customers the absolute best value for money. Prices can be compared at store, print and online level to provide a complete competitor pricing picture.

"Consumers and shoppers are able to conduct 'pre-shop research' using all available interaction at their disposal such as how much a competitor is charging for an item; when they are running their specials and for how long; and the moment they alter their pricing. It also provides insight into their pricing strategies from a timing point of view." Pearson explains

Massive potential exists to evolve this capability to the next level. Internationally, retailers' e-commerce sites automatically update if a competitor's site is found to be offering the same product it is carrying at a cheaper price. In addition to showing price and SKU, some sites also show available stock levels, allowing consumers to make a fully informed purchase decision.

This is going to be increasingly important as the South African retail sector further embraces e-tailing. "Local retailers may have limited web presence now, but this is changing," Pearson adds. "Retailers without e-commerce sites are realising that they are being left behind. These outlets will eventually be under such a huge amount of pressure to make their products available to their customers online that they will have to invest in a commerce site. Because it's just too easy for consumers to look online and find another store where they can get what they want instead."

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