Pricing: Strategies that Pay Off
Best in class approaches for developing a deliberate approach to pricing

A fundamental shift in shopper behavior continues to shape the way retailers and manufacturers are doing business. Retailers are evolving their strategies to capture the attention of a much more discriminating and well-informed consumer by developing innovative promotional plans to drive shoppers to their stores and websites. Manufacturers are adapting their trade promotion strategies to a marketplace that continues to demand a more comprehensive and omni-channel approach to promotional media.

Consumers have become accustomed to finding items on promotion and are adept at identifying the best times to buy. They are enlisting the help of technology by researching prices online to ensure they are getting the best possible deal. Often, much of their decision is based on their interpretation of the promotion. When planning a shopping trip, how shoppers perceive pricing at a particular retailer could be the difference between drawing that shopper to the store, or watching them take their business elsewhere. Though it is safe to assume shoppers know the price of an item by looking at a promotion, the way that price is portrayed within a promotion can influence the shoppers value perception and where they ultimately shop, what they buy, and how much they spend.

This increasingly competitive environment makes planning a winning pricing strategy a complex task for retailers across all channels of trade. Starting in 2010, rising costs for fuel and commodities forced manufacturers to increase their prices to retailers, which resulted in decreases in sales volume for manufacturers, and a struggle to gain larger basket sizes for retailers (AMG Strategic Advisors, November 2012). These increases made it critical for retailers to become more strategic with their promotional pricing in order to maintain margins.

The ability for retailers to react to competitive price situations through digital promotions has completely changed the game. Mobile continues to enable real time accessibility to information for shoppers—according to Pew Research Center’s Internet & American Life Project 58% of respondents used their device in-store during the 2012 HSS. This behavior drove a large increase in retailers who utilized dynamic online pricing modifications to combat losing shoppers to the “showrooming” effect.

In this Perspective we will discuss four critical areas to consider as you construct your promotional pricing strategies both in the circular and online. A comprehensive approach across all media types is key to success and ensuring you are competitive in the quickly shifting promotional landscape.

In This Article…
Market Track takes a look at best practices in developing a cohesive approach to pricing across the promotional landscape. We examine how retailers and manufacturers leverage the various contributing factors to performance:

- Price perception
- Unit sale price vs. price multiple
- Price threat
- Digital vs. print
- Reactive price matching in digital media
Three ways of viewing price perception
1. **Overall**: General impression of dollar amounts regardless of category, quantity or quality of items
2. **Category**: How much the shopper needs to spend to purchase a particular category of products in a basket
3. **Item level**: Exact item unit price comparison

**Price Perception**
When reviewing a circular advertisement, it is the front page and those items core to the weekly shopping trip that shapes a shoppers initial perception of the prices offered by a retailer that for that week. Failure to win on these items may result in the retailer losing the shopper for the week or consumers shopping at multiple retailers for their week’s basket.

Figure 1 outlines how a print circular is perceived from the store level, category level and unit or individual product level. If a shopper looks at a front page that overall has prices in the sub $2.00 range vs. another retailer where the visual median price is in the $4.00 range, they draw a perception that the $4.00 range retailer must be more expensive on everything this week.

Similarly, when a customer sees a national brand carbonated soft drink two-liter beverage advertised at $0.99, they know that is a “great price” for a two-liter soft drink, and likely will make the assumption that this retailer must have great prices. For retailers, finding the right mix of promotional messaging at the page, category, and item level can be the key ingredient that influences a potential buyer’s perception of the overall pricing at the store and their decision of where to shop if they are a value/price shopper.

Category level price perception is important for both retailers and manufacturers. Take the proteins promotion in Figure 1 for example. A shopper looking for beef, chicken, or pork will take note immediately of the prices and promotions offered in the proteins section of the circular, which can ultimately influence their decision to purchase their center-plate item from a given retailer.

Likewise, the suppliers featured in the various category sections of a circular can expect their lift or dip to be directly

![Figure 1: Perception of Value](image)

**Figure 2: Front Page Price Perception**—With nearly 50% of the dozen or more items on the front page selling for more than $10, will the shopper get the impression that their total grocery bill could be as small as possible?

Keep in mind that these percentages are taken from only the products with a sale price listed in the ad. A quarter of the front page items at Retailer C had no sale price listed, meaning some other promotional messaging was used to promote the product (eg. % off, $ off, Buy/Get, etc.) The question here is about the consumer’s perception of price even before they look at the product-level view, and if the shopper believes they are getting the best value from a particular store.
Price Perception

as tightly as Apple products attract shoppers to their store, even on items controlled by retailers this week?

With over 40% of the dozen or more items on the front page featured items ran at $10 or more, and only 4% at $20 or more. Compare that to Retailer A, where just over 25% of items ran at $10 or more, and over 15% at $20 or more. Retailer C was on promotion for $10 or more, and over 15% at $20 or more. Some retailers have had success using price multiple offers at the product-level, while others see greater lift out of running a straight unit sale price.

Ultimately, retailers approach price perception strategy in different ways to align to their overall brand strategy, which makes it all the more important to monitor the activity of your competition. Because there are different goals with each approach, having a full view is critical to success. Consistent measurement of progress against your strategy as well as your competitors will increase the likelihood of success.

According to AMG Strategic Advisors, 43% of all units purchased in the Food channel were on some kind of promotion to shoppers in 2012. This is a huge portion of overall unit sales, and reinforces the importance of winning on price perception for promoted products.

Winning the price perception battle starts with pricing on promotional feature pages. The front page of a circular, a retailer website, or a promotional email has significant impact on how shoppers perceive the deals available to them at a retailer week in and week out. Figure 2 shows a price bracket breakdown for circular front page items with a sale price listed at three major US grocers. This view highlights the general impression that each retailer is giving about their store prices.

Looking at the numbers, over 40% of front page items at Retailer C were on promotion for $10 or more, and over 15% at $20 or more. Compare that to Retailer A, where just over 25% of featured items ran at $10 or more, and only 4% at $20 or more. With over 40% of the dozen or more items on the front page selling for more than $10, will the shopper build their baskets at competing retailers this week?

Keep in mind that these percentages are taken from only the products with a sale price listed in the ad. A quarter of the front page items at Retailer C had no sale price listed, meaning some other promotional messaging was used to promote the product (eg. % off, $ off, Buy/Get, etc.) The question here is about the consumer’s perception of price even before they look at the product-level view, and if the shopper believes they are getting the best value from a particular store.

The shopper price perception is also influenced at the category and product level. There are a variety of strategies used by retailers to make their categories and products appear more attractive in the eye of the shopper.

Figure 3 shows two promotions for Apple’s iPad with Retina Display—one featured at PC Richards on 12/13 and one at Best Buy on 12/16. The promoted price of the item in both ads is $499—the minimum advertised price (MAP) for the iPad with Retina Display—yet PC Richards offered a one-day promotion during which with the purchase of the iPad at $499, shoppers would receive a $50 gift card. This is a creative strategy by PC Richards: a bet that the incremental traffic driven by the promotion will make up for the investment in the gift cards that are included in the iPad purchase. The goal of the circular is to drive traffic to the store, and the use of a gift card makes the PC Richards’ offer more attractive from a price perception standpoint than Best Buy’s. It also ensures repeat traffic to that particular retailer.

Overlays can be an effective tool for influencing shoppers on net price, particularly if the out-the-door price is within a reasonable range. Shoppers will likely not see these as comparable if the overlay simply gets the retailer near parity on the product price. Each shopper is different, and their current budget, propensity to shop at the merchant in the future, and other factors influence this strategy.

Keys to winning price perception

- Shopper price perception starts at the ad level, and continues down to the product level. Pricing perception is also relevant to the retailers overall brand positioning—aligning the impression to the shopper with your promotional goals is critical. Retailer pricing strategy must account for shopper price perception at every level.
- Feature pages create the largest opportunity to influence price perception in the shoppers minds. Identify the goal of the items you feature and how they align to your overall strategy.
- Understand from a competitive standpoint what other messaging is reaching the consumer across all media types and what items have the highest probability to drive action.
- Just as beauty is in the eye of the beholder, value is in the eye of the shopper—understand who your audience is and what types of offers they are likely to respond to.
Unit Sale Price vs. Price Multiple

The choice between promoting a unit sale price or a price multiple can change the way a shopper perceives an offer. Many retailers make regular use of price multiples to influence shopper perception that they are getting more quantity for a lower price per unit. Figure 4 shows the percentage of total promotions with a price multiple across some of the top grocery stores in the US during a 12-month period. The percentage varies greatly from retailer to retailer—nearly half of the products within Kroger circulars are promoted with a price multiple, while at Safeway, only 18% of promotions have a price multiple.

Of the retailers that use price multiple tactics with regularity, Kroger and Weis differ extensively in their execution of the strategy. Figure 5 shows by week the percentage of Kroger promotions that were price multiples over a 12-month period. Kroger tended to stagger their heavy price multiple weeks, likely in an attempt to align their price multiple offers with the pantry loading needs of their shoppers. On typical payroll weeks mid-month and at month’s end, Kroger ran up to 70% of their promoted products with some sort of price multiple.

Weis, on the other hand, consistently promoted around 40% of their products with price multiples each week, a strategy less aligned with pay periods or pantry loading (see Figure 6), and more aligned with providing consistently good value.

Figure 7 provides further evidence of Kroger’s pantry loading strategy. Observing the data without context, Kroger could be perceived as the most expensive retailer in the group. Of the price multiples that Kroger promoted, nearly 25% of them were backed by a purchase tag of over $15. Compare that to Market Basket, Safeway, and Shoprite, all of which ran more than half of their price multiple promotions in the $2.01 to $5.00 range.

Within this select set of retailers across all of 2011, Kroger leads the way in their desire to offer multiple items at a fixed price point.
The perception in Figure 7 is that Kroger does not offer the best prices in the market. However, using a strategic approach to timing their price multiples during periods when shoppers in their markets tend to have more disposable income, the higher sale price coupled with the higher purchase quantity could be perceived as better overall value by the shopper. In addition, aligning information on purchase behavior from sources such as loyalty data can also help identify patterns and inform strategy.

The disparity between these two strategies adds depth to the price perception discussion. It could be argued that price multiples are perceived to be more of an attractive offer when compared to a straight unit sale price point. However, additional factors like timing and pay periods can influence the efficacy of a price multiple. If a shopper has less disposable income at certain points throughout any given month, they may perceive a high sale price multiple as simply a high price, rather than good value.

There are countless examples of different pricing strategies that all have different impact on shoppers’ price perception. Having access to detailed competitive promotional and shopper data can enable retailers to time price multiples strategically, potentially leading to larger basket sizes.

For retailers lacking this type of information, offering winning prices on key value products becomes extremely important, especially when trying to maintain or gain traffic against competitors that have a history of targeting pantry-loaders.

Figure 6: Weekly Percent of Promotions with Price Multiple

Figure 7: Price Multiple Trends—Nearly 25% of price multiples at Kroger were backed by a purchase tag of over $15. On the other side of the aisle, Market Basket had over 80% of their multiples at a price point of less than $5 dollars.

Comparing unit sale price vs. price multiple

- Understanding shopper perception of various offer types and how timing is factored into decision making is key. Being deliberate about sending the right message to shoppers through offers that resonate will increase the likelihood of capturing their attention.
- The value perception of the price multiple may be diluted if not timed or targeted correctly. Price multiples may be most effective when aligned with local payroll patterns, targeting a shopper with the purchasing power to take advantage of higher prices and purchase quantities to pantry load.
- Retailers that offer fewer of these price multiples need to focus on winning with individual product offers that stand out as “known value” items to drive traffic to the store.
Price Threat

Retailers promote thousands upon thousands of items each year across various promotional media. Each of those items are typically promoted at or near a sale price determined by the retailer with input from their suppliers. This is an everyday process for all resellers, and thus it is very easy for them to promote products at the same sale price as they have historically, without calling into question whether or not they need to be priced differently based on competitive price threats in order to win shoppers.

The equation is not that simple given that strategies vary. The tactics for low-costs leaders looking to win on price and attract the broadest group of shoppers will be significantly different than a high-end grocers who rely on select items that will appeal to their strong loyalty-based shoppers. The key is to ensure you are aware of what your competitors are likely to promote so that you can make an educated decision as to how to proceed according to your strategic objectives.

The intent of a price promotion is to attract consumers to the store and once there, to build their basket. Price threats are competitive influences that threaten the ability of your promoted price to attract your target audience. Figure 8 shows a promotional price trend over a 12 month period for Heinz 40 oz Ketchup. Competition tends to increase around key events in particular, so being conscious of these trends and understanding your ultimate goals is critical.

The categories that dominate certain event periods are predictable, so knowing where you can gain the attention of shoppers will depend on having visibility into what your competitors are doing strategically through consistent...

Figure 8: Promotional Price Trends

![Promotional Price Trends](image)

Figure 9: Market to Market Price Threat Summary—Each market has its own unique challenges and competitors. The summary view of competitive promotional prices makes it easier to see if the potential issue is a market specific issue or one that has a broader reach.

![Market to Market Price Threat Summary](image)
monitoring. You can then make an informed decision depending on your strategy as to whether you need to lower the price, run a different size or item, or gain their attention in a different area.

There is a strategic process for planning pricing at the item level that accounts for competitive threats in the marketplace, which at Market Track is known as Price Threat Analysis. Figure 9 highlights competitive price threats for one front page item for a national retailer with some regional variations. Taking the scheduled promoted price, we tracked two markets in which the retailer competes and reported the price points for the same items featured on competitor feature pages.

From this analysis, retailers can quickly identify where their scheduled price will likely win, lose, or draw versus competition. This is obviously working from the perspective that if a retailer runs a price promotion on a particular item, the intention is to be the most attractive alternative in the market. This is a form of predictive analysis that educates a retailer on the likelihood that their promoted items will have the desired effect of attracting shoppers to the store.

When assessing price threats, there is always the possibility that your competition will do what they have done in the past. As we know in retail, the best predictor of future behavior is past behavior. This applies to both assortment, and in many cases, price. Predictive analytics uses historical data to understand what is likely to be promoted when and at what price.

Figure 10 illustrates a market level predictive Price Threat Analysis for one key value item. Using Market Track’s methodology, a retailer can be confident they know where their scheduled price for the item will fall within the distribution of competitive promoted prices during the period for which they are planning. The retailer can then use this analysis to make adjustments to their strategy, whether that means changing promoted price or their promotional calendar for that item.

Figure 11 provides another sample of predictive pricing analysis, with a few supplemental inputs. In addition to pricing information, this analysis identifies the number of competitors who have previously run a price promotion on either an exact key value item or a like item, and who those competitors are. For items that have been promoted by several retailers from different channels—like the Hoover Upright Vacuum highlighted in figure 11—it is particularly important for retailers to know specifically when and where those items have been priced to ensure they are comfortable with their strategy given the competitive threats.

Let’s be clear that predictive price threat analysis is intended to inform retailers where they need to be priced relative to competition to successfully attract shoppers. It is not necessarily a race to be the lowest promoted price. In fact, offering low promotional prices too frequently can have adverse effects.

Figure 12 shows a parallel analysis between promotional price and sales performance data for two BevAl items. The Spirits

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<th>Table 1: Price Threat Analysis</th>
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<th>Los Angeles, CA</th>
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Figure 10: Market Level Price Threat Analysis

Figure 11: Price Threat Calendar - National Retailers—Price threat calendars provide clear understanding of who competitors are, where they are priced, and when they promote. The retailer planning to promote the Hoover Upright Vacuum in this study used a price threat calendar to identify seven competitors, one of which promoted a price point significantly lower than their scheduled price of $99.99 in the weeks leading up to their scheduled ad date.
Brand A product was first promoted at a new low sale price of $16.99 in late December-early January, and saw a lift of over 100%. In fact, the $16.99 price point drove so much in incremental sales that retailers went on to promote the same price seven times over the next seven months, and once at an even lower price point of $15.99. From the initial price promotion, the lift for each subsequent promotion decreased. Even the $15.99 promotion saw significantly less lift than the original $16.99 promotion.

Shoppers were drawn to the original promoted price because they were accustomed to a price point of $17.99 or more for the Spirits Brand A product. When retailers saw the spike in sales, they wanted more, and thought they could get more by running the same promotion every month. What happened instead was a change in price perception for shoppers. Because the item was on sale so often, shoppers started to expect the price to be lower. The $16.99 price was no longer a promotion—it was an everyday price.

The decrease in lift seen in this example is one example of a larger trend occurring in the marketplace. AMG Strategic Advisors analyzed trade promotional lift across 127 product categories, and found that over 70% of categories saw a decrease in lift year over year from 2011 to 2012. Retailers have become more promotional over that time period, which is likely a contributing factor to the drop in lift. Shoppers expect they can find the product they need on promotion, and thus they do not react as dramatically to a promotion as before.

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This is a slippery slope of which both retailers and manufacturers must always be conscious. By over-promoting a product, price perception for that product can change in the eye of the shopper. Recovering from a drop in price perception is much more difficult than suffering the drop.

The use of price threat analysis enables a retailer to adjust their plans based on empirical competitive promotional data. Historical promotional pricing is knowable information. When planning a price promotion, there is no excuse not to make an informed decision or adjustment based on simple predictive price threat analysis. Whether the adjustment means changing the price to become more competitive, moving an item that may be priced too high off of the front page, or removing the item from the calendar altogether to avoid diluting the value of a promoted price, utilizing predictive analytics and competitive information in planning processes better prepares retailers to optimize the impact of their promotional calendar.

Figure 12: Volume and Promotional Price Points—Over promotion in a market can have detrimental effects on the lift impact

Strategies to win on price perception

- The intent of a price promotion is to attract consumers to the store and once there, to build their basket. Price threats are competitive influences that threaten the ability of your promoted price to attract the shopper.
- Price threats exist, and they are knowable. Know the knowable—what competitive prices are threats? Which competitors are threats? When are they a threat?
- Understand in advance of planning what will be promoted and at what price so that you can be confident you will achieve your objectives depending on your strategic approach.
- Use price threat analysis to pre-empt competitive price threats by changing strategy before an event.
- Over promotion in a market can have detrimental effects on lift impact. Manufacturers need to work with their retailer partners to identify the optimal promotional patterns that maximize the lift and do not inadvertently reset customer expected price points.
Digital vs. Print

Digital media has emerged not only as a meaningful access point for shoppers to collect information on potential purchases, but is also becoming an active tool at the moment of purchase. In addition to going in-store or reviewing a weekly circular, today’s shopper can call up deals on their computer or smartphone, track deals on social media sites, or subscribe to their favorite retailers’ email distribution, all in an effort to become more knowledgeable about the product and find the best possible deal.

Some of the world’s leading brick and mortar retailers have responded to evolving shopper behavior by pledging to become more digitally focused. In Walmart’s 2012 Annual Report, the retailer discussed a strategy of combining online, social, and mobile innovations with physical stores to give customers a multi-channel shopping experience. New trends and innovations in digital media are emerging across the board, leaving no doubt that the influence of digital media on the shopper is at an all-time high and continues to increase.

Despite efforts to change strategy, online shopping and e-retail competition have surged in recent years, and brick and mortar retailers have struggled to incent consumers to make their purchases in-store. One of the big reasons for this struggle is price perception—shoppers believe they can find a better promotional price at an e-retailer than what they would find at a store location. This perception has led to trends like “showrooming,” where shoppers use the store as an exhibit where they can look at and touch the product, with the premeditated intention of buying the item online where they believe they can get it cheaper.

Market Track’s research across online and in-store deals clearly in a comparison of the prices of TVs promoted both in a printed circular and online during the same time frame, only 21% of the lowest prices were found online. In contrast 55% of the lowest prices were found in print.

**Figure 13: Lowest Price Available**

In a comparison of the prices of TVs promoted both in a printed circular and online during the same time frame, only 21% of the lowest prices were found online. In contrast 55% of the lowest prices were found in print.

**Figure 14: Lowest Price by Price Range**—In a comparison of prices across a wider time range, lower priced TVs (less than $500) have more aggressive pricing in the circular to drive traffic to the store, with lower prices online only 12% of the time.
Market Track Perspective

Market Track Perspective shows that if a shopper neglects to look at print promotions offered in the store, they may be missing out on the best pricing available on a particular item.

There are many instances of retailers publishing their best prices in print and the price not being matched online. For example, TVs are a heavily promoted item during the Holiday Shopping Season in both print and online. In a comparison of the prices of TVs promoted both in a printed circular and online during the same time frame, only 21% of the lowest prices were found online. In contrast 55% of the lowest prices were found in print (see Figure 13).

This is logical given the power of the circular to drive traffic to the store—a retailer will promote aggressively to bring the shopper in store due to the propensity to purchase other merchandise during that trip. It is important to take a look at a larger sample size to determine if this trend is consistent.

In figure 14, we analyzed a larger time frame of promotional activity, and broke the TVs category into three pricing groups (<$500, $500-$1,000, >$1,000). Of the promotions for TVs priced at less than $500, the lowest promoted prices were in print 65% of the time, compared to just 12% in online. However, when looking at the highest priced TVs on promotion, only 33% of the time was the lowest promoted price in print, compared to 43% for online.

Similar pricing patterns between print and digital are seen across all channels and all categories, even those that are not traditionally associated with digital purchases. In Figure 15, we examined the Diapers category looking for differences in promoted price between print and online. Four of the most commonly promoted diaper size/brand combinations were examined for the major e-retailers from August 2012 through January 2013. The prices for the printed circulars across Market Track’s entire retailer panel for those same products and months were then matched. While 44% of those retailers’ prices were higher than what was seen online, 56% of the time the printed promotions were at parity or lower.

Why is this comparison between print and digital pricing important? Past promotional data substantiates that shoppers should not assume they will find the best price through an e-retailer. The fact that retailers tend to feature their lowest price promotions within a category more in print media than in digital suggests a few things.

First, it reinforces that print circulars are the primary store traffic drivers among promotional media. Second, it supports one of the central ideas of this piece, that price perception is crucial to attracting shoppers to the store. If retailers were not concerned with how shoppers perceived pricing in their print circular, we would expect print to have a larger lowest price percentage in the group of TV products priced greater than $1,000, and a smaller lowest price percentage of diapers promotions.

Comparing pricing between digital and print

- As a retailer, you must be cognizant of all pricing and know that the informed consumer can access a broad set of media to determine if they are getting a good price.
- While many retailers are fixated on competing with e-retailers on price, data shows your strongest competition may well be in your competitor’s weekly circular.
- Higher priced SKUs tend to be researched more online. Ensure that you are fully aware of what is being promoted on these products through all media channels.
Reactive Pricing in Digital Media

As we have touched on throughout, print promotions are still the leading store traffic driver among all promotional media, and will often feature the lowest promoted price of any media for a featured item. However, they are not without their limitations. Print promotions have to be set in stone well in advance of the distribution date depending on the retailer, at which point there is not much retailers can do to change pricing or promotions in print.

Digital media, however, is much more dynamic. A change to a price or promotion on a retailer website, digital circular, or email blast takes at most a matter of days to execute, making both online and email very strategic promotional media for quick responses to competitive promotional price threats.

Examples of reactive price changes in digital can be seen across all retail channels. Grocery stores operating in the same market will often examine their competitor circulars each week, and run an email promotion either day of or day after circular drop date to match on items on which they lost. Figure 16 shows this digital response behavior between the Chicago-based Dominick’s and two of their top competitors in the market: Jewel-Osco and Target. Dominick’s was beat on price in print, and responded within a matter of days with an email offer that matched the prices for items on which they lost.

For durables retailers in the Mass, Electronics, and Office channels, digital pricing changes manifest most frequently during key shopping seasons like Black Friday and Holiday. Figure 17 provides a sample pricing battle between two Office Super Stores during Black Friday. Retailer A featured a printer in their insert on 11/20 at $129.99, and two days later, Retailer B ran the same printer on their website for $30 cheaper. With a two day turnaround, no extensive planning went into this price change for Retailer B. Keeping an eye on their competitor circular drop during the crucial Black Friday week, they reacted to...
Leverage the agile nature of digital promotions and use them to your advantage—be aware of what is happening from a competitive standpoint across all media types so that you can combat competitive situations as they occur.

competitive price points by decreasing the price of the exact item on their website. Though digital media has proven to be an excellent tool for retailers to respond to competitive price threats, it has made price tracking much more cumbersome for manufacturers. Promoted price in digital can change as frequently as multiple times per day. These changes are difficult for manufacturers for several reasons: they can threaten MAP compliance, compromise brand or product equity, upset relationships with trusted retail partners, and even negatively affect future margins on key value items. Manufacturers should be aware of how their items are priced and/or promoted in digital media, and the first step is to have a process in place by which digital pricing is continuously monitored and responded to when there are inconsistencies with what was originally planned with the given retailer partner. Maintaining a continuous observation of how products are being priced across the digital spectrum seems daunting, however, systematic monitoring through technology solutions ensure you can react appropriately when necessary. Both retailers and manufacturers cannot fully understand the competitive promotional landscape and how it affects their promotional plans without looking at both print and digital media. Regardless of if digital falls under your area of responsibility, it impacts the efficacy of your efforts in other areas such as print.

Analysis of Digital Pricing

- Digital media is dynamic—changes to promoted pricing on items can change from day to day. Retailers are using online, email, and social media to react to competitive pricing more and more. To be competitive, retailers have to leverage digital media as a platform to be responsive in the market.
- Digital media also offers the opportunity to reach specific demographics with products and promotions that may be quite different than the retailer’s mainstream audience. These typically younger demographics are a growing segment of the market, and to win their business, retailers may need to promote a different product assortment or offer.
- Digital pricing is critical to manufacturers. Assuming the promoted price in print is the lowest price in the market for your product is dangerous. Monitoring promoted pricing in digital is critical, given the increasing prevalence of dynamic price changes in the marketplace.