

eBook

The Right Price at the Right Time

Best practices for pricing products in the
constantly evolving e-commerce environment



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Introduction

To be competitive on e-commerce marketplaces, it's no longer enough to provide a quality product and strong promotions. You need to be competitive on price, too — and not just during peak seasons or sales periods, but every hour of every day.

Now more than ever, having a structured pricing strategy in place is crucial. If you're not continually adjusting your list prices, there's a very good chance you'll miss out on opportunities for more orders and bigger baskets. Even a few pennies can make the difference between driving a shopper to your competitor's listing instead of yours.

The good news? With the latest advancements in e-commerce technology, it's easier than ever to reprice in real time. In this eBook, we'll walk you through the latest trends and best practices you can use to meet consumer expectations.



Chapter 1: When Pricing Becomes Imperative

Ah, product pricing. It's a topic that haunts many brands and retailers, and it's easy to understand why. Set your pricing thresholds too high, and you'll quickly be outpriced. Dip too low, and you risk losing out on a mountain of potential revenue.

Although this problem is one that's plagued brands and retailers for decades, it's become more pronounced in recent years. Sixty-one percent¹ of online consumers say they usually compare prices on a few sites before making a purchase. Today's empowered consumers are so focused on value that product pricing has become the industry's most pressing issue.

One study shows brand loyalty is under pressure, and the top way to win them over is by offering the lowest price. This belief only increases among older generations.

For years, companies have had to come up with efficient ways to keep track of seasonal price fluctuations and competitor promotions. But now, thanks to the evolution of e-commerce, those price changes can occur in an instant. So while the once tried-and-true mix of software and spreadsheets may have worked reasonably well in the past, there's no way for those manual efforts to keep pace with today's automations.

"Now, thanks to the evolution of e-commerce... price changes can occur in an instant."

¹ Rithum Global Consumer Behavior Survey 2023

What are your competitors doing to adjust pricing?

Many use a mix of pricing software and spreadsheets, but some rely solely on spreadsheets alone.

The problem is, price wars require swift action, creating an opportunity for retailers who prioritize intelligent pricing technology.

See the benefits for yourself:

"Once we put the repricer in place, we saw results from it almost immediately."

Legacy Creek
(dba AJ Tack)

Another seller was able to increase GMV

220%

week-over-week after launching a dynamic pricing strategy

Chapter 2: Complications of Marketplace Pricing

When it comes to pricing on marketplaces, there's no such thing as a simple calculation. Virtually every product you price will involve a complex equation with numerous variables, including how much stock you have, the brand image you want to uphold and the prices your competitors use.

Then, once you have all of that figured out, there are other issues to contend with:

Pricing Agreements

As a growing number of manufacturers shift toward direct-to-consumer marketplace sales, many are leaning heavily on minimum advertised price (MAP) policies. These guidelines are used to prevent retailers from promoting a brand's product below a specified minimum and can be an effective way to prevent price wars while ensuring products remain profitable to all parties. At the same time, there are some significant challenges.

For brands, the difficulties lie in enforcement. Closely monitoring a large distribution network can be an incredibly tedious, time-consuming process — particularly if the company is still relying on manual methods. And if you miss violations, there's a good chance your retailers will grow frustrated when they start to see unpunished infringements.

Retail partners, meanwhile, face an added layer of complexity when competing on e-commerce marketplaces. Fail to comply with a brand's MAP policy when advertising a product, and you risk doing damage to valuable relationships — even if it's to stay on par with other, lower-priced listings that haven't yet been penalized.

Pricing Suggestions

It's not just MAP policies that require careful consideration. For brands that sell direct-to-consumer, the manufacturer's suggested retail price (MSRP) can have an impact on sales and revenue, too. That's because many brands prefer to see retailers permanently listing products at MSRP, and may be reluctant to encourage price fluctuations when adding those same items to their own e-commerce sites.

In reality, however, few products will stay at MSRP forever. And failing to factor in the lifecycle of a product's price can lead to lost sales. Even the most loyal customers are unlikely to accept a 30% markup simply to order directly from a favorite brand.

Product Performance

To remain truly competitive on price, you'll need to understand where current demand stands. If a particular product isn't performing well during a slow season, for example, it's highly likely the price will need to be adjusted down.

But when demand is sky-high and the orders are flying in fast, that's a sure sign it's time for a price increase.

In between are all sorts of other product-performance variables that can influence when it's time to make a price slightly higher or lower. Over time, these tiny tweaks can add up to make a big difference in overall revenue.

Channel Conflicts

For brands and retailers that work in partnership, there's a delicate balancing act between online and offline channels that needs to be factored in as well. For many brands, brick-and-mortar stores often provide visibility for products in ways online channels can't — especially for items consumers want to touch and feel before committing to a purchase.

In these scenarios, keeping online and offline prices in harmony can be a challenge. Because physical stores face higher overhead, they can't always afford to offer discounts as easily as online retailers. And if those prices are not aligned, it can lead to reduced sales offline — which in turn will lead to a dip in online sales as products disappear from in-store displays.

The key takeaway?

You must continually monitor product prices to remain both compliant and competitive.

Chapter 3: The Benefits of Strategic Pricing

Getting the price “just right” can unlock a mountain of revenue potential and becomes paramount when you want to:

Win Top Spots

On marketplaces like Amazon, eBay, Google and Walmart, most sales happen in the buy box and best offer positions. Beating out tens of millions of sellers and listings to win those top spots requires a structured pricing strategy that makes it easy to continually monitor the competition and adjust prices accordingly.

Prevent Product Erosion

A single dip in price can cause a big ripple effect if it's not caught quickly. Staying apprised of MAP violations as they occur means there's ample time to respond before lower-than-advised prices seep into more listings and marketplaces.

Maximize Promotions

A robust pricing strategy will ensure you stay ahead of seasonal and marketplace-specific opportunities to get your products in front of purchase-ready consumers at peak times.

Meet Real-Time Demand

With consumer interests constantly shifting, it's imperative to automatically adjust product prices based on the latest buying behaviors and trends. A strong pricing strategy designed to match sales velocity can help ensure you'll keep inventory moving, no matter the season.





Chapter 4: Data-Driven Pricing Strategies

The days of spreadsheet-based pricing are long gone. What you need now is a competitive pricing game plan — a full suite of proactive strategies virtually guaranteed to keep you ahead of other sellers in your space. The following best practices can help you achieve just that.

Constantly Monitor Competition

To consistently beat out competitors on price and secure the buy box or best offer positions, you need real-time intel — and you need to act on it fast. Successful brands and retailers understand that staying ahead of pricing trends requires competitive data analytics that are easy to grasp at a glance.

For this reason, visualization dashboards and benchmarking tools are key. Select analytics tools that provide SKU- and ASIN-level insights on how your pricing stacks up to the competition in straightforward, uncomplicated reports — day after day and hour after crucial hour.

Centralize Marketplace Management

Whether you log into multiple accounts or rely solely on individual marketplace interfaces, managing marketplaces in silos makes it incredibly challenging to streamline your pricing strategy. The lack of a centralized view can lead to gaps in data, inconsistencies in pricing and delays in diagnosis.

How can you be sure your Amazon price is consistent with what consumers see on Google and Walmart? What will happen if you catch a competitor's price change on one marketplace but miss the need to make adjustments on another? Consolidating multi-channel efforts into a single, streamlined platform can prevent small issues from becoming big problems.

Reprice Compliantly

Most sellers know to automate repricing. But how many have created a cross-channel repricing strategy? Sellers with the biggest competitive edge are those using multiple repricers, with checks and balances in place to ensure consistency across channels. Using this approach, each repricer can act independently to come up with the best decision for a marketplace and then have the lowest price applied everywhere.

Keep Channels Aligned

As consumers compare prices, it's important that they see consistency across channels — including the brand's own website. While it can be tempting to list products at MSRP, those prices may cause confusion if they differ significantly from what shoppers see on marketplaces and retailer sites.

For this reason, dynamic pricing plays a critical role on branded e-commerce sites. By having product prices automatically adjusted up and down to stay in line with those listed elsewhere, you can increase the potential for more direct sales.

Lean On Data

The best way to keep online and offline product prices in harmony? Use data. For brands, having access to the right analytics can allow you to see online distribution from the retailer's perspective. If online prices are becoming increasingly aggressive, for example, that could be an indicator that it's time to support offline sellers with temporary subsidized promotions.

These and other data-driven measures can help create the balance you need to ensure the right prices across channels.

Leverage Deals and Promotions

Generally speaking, it's always a good idea to participate in marketplace promotions such as free shipping promotions and discount codes. For marketplaces that don't offer these opportunities, you can offer discounted pricing on your own by modifying your sales price from time to time. And when a MAP policy prevents you from coming down on price, be sure to offer free shipping.



Use Flexible Pricing

Imagine for a moment that you've just made a bold prediction: We will sell at least x units per SKU within the next month. You're not just stating a goal, but know that, at any given moment, your products will be set at just the right price to meet current buying trends.

By using dynamic pricing, you can have product prices automatically adjusted based on recent sales trends. If sales dip, so does the price. When orders occur with more frequency, the cost of that item goes back up. This best practice is an important one, as it ensures your pricing matches real-time demand.

Look for Opportunities to Bundle

Bundling products into single-SKU offerings isn't just a best practice for competitive pricing. It's also a great way to differentiate from the competition. For example, there will be plenty of times when a consumer will be considering just one of your items. But if they see your promotion for an even better deal — a discounted three-pack, for example — there's a good chance you'll land an even bigger sale. By grouping popular products into competitively-priced packages, you can inspire consumers to stretch their wallets.



Master Your Marketplace Presence with Rithum

The industry's #1 channel management vendor to the Digital Commerce Top 1000 since 2013, Rithum keeps you ahead of the latest marketplace trends and ensures you take advantage of every opportunity.

Algorithmic Repricing

Capture more of the coveted buy box on multiple marketplaces while remaining compliant with pricing agreements.

Rule-Based Repricing

Keep up with your competitors' price while maintaining control.

Velocity Repricing

Have dynamic prices automatically adjusted based on real-time demand and sales velocity data.

Brand Analytics

Get a complete view of powerful pricing and promotion metrics to make informed adjustments across channels.

Amazon Pricing Console

Get all the Amazon intel and tools you need to compete in one complete console.

[See It In Action >](#)

Looking to get ahead on Amazon?

Rithum's marketplace technology gives you access to all the reporting and repricing technology you need to compete on price.

[Start Your Free Trial](#)

Conclusion

Having the right price at the right time isn't just a lofty ideal. These days, it's the only way to win sales. To compete, you need to know who you're up against, their pricing and how it changes. With a little preparation and a lot of automation, it's possible to build a comprehensive pricing strategy that will keep you competitive across channels.



Connect and optimize the world's commerce

Rithum is the world's most trusted connected commerce network, creating limitless growth through more profitable partnerships and amazing customer experiences. We enable retailers and branded manufacturers to integrate, manage and optimize their merchandise sales across hundreds of online channels, including Facebook, Google, Amazon, eBay, Walmart and more.

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