

# Pricing for profit

Angela Coyle looks at the ways in which competitor price comparison technology can help grocers and suppliers to benchmark their products' prices against those of their competitors.

The dramatic increase in popularity of online shopping has led to many bricks-and-mortar stores developing a strong online presence to complement their high street stores. A well-thought-out eCommerce website containing a multitude of products will make your online presence more attractive to online shoppers, enticing them to purchase your products.

With so many retailers now going online to capture some of the growth in this channel, this web-based presence provides pricing managers with the perfect companion to monitor the competitor, and react quickly to a competitor's price increases or decreases. The laborious task of manually checking off product prices against those of competitors can eat up many hours of a pricing manager's schedule - going out to stores with a clipboard and pen, reading newspaper advertisements and regularly checking websites are all hugely inefficient methods of competitor price monitoring, and have no place in the current cut-throat grocery trade if you are chasing critical time-sensitive sales.

An online price monitoring service can reduce manual price checking tasks drastically; this allows a pricing manager to manage his categories more effectively

and free up time to work on new pricing strategies. Such technology also empowers retailers to go back to their suppliers and negotiate better prices for their stock. With so many grocers enduring decreasing profit margins in 2011, such technology is vital to retailers in achieving sales growth in 2012.

The prices of food and drinks, health and beauty, household and white goods can all be monitored efficiently in this way.

"Our data helps grocers to increase sales and profit margins; it enables pricing managers to react quickly to increases or decreases in their competitors' prices," says Vol Pigrukh, CEO and co-founder of Dublin-based Profitero. A number of leading supermarkets are now using the Profitero technology in the day-to-day price monitoring operations.

With a pricing manager being responsible for the prices of hundreds or possibly even thousands of products daily, monitoring competitor pricing is not always done efficiently, explains Pigrukh. "A client told us that he was looking for something like Profitero for two years, and couldn't find anything even close to it! What used to take him 2-3 hours each day, he can do now with the Profitero application within minutes!"

Finding out that your products are more expensive than those of your competitors - losing out on valuable sales - or your products being much cheaper than the competition - lowering pricing margins - are two key scenarios where a price monitoring tool can help a grocer to monitor its pricing better. "You can easily locate products that require immediate pricing adjustments using customised filters within your Profitero account," he explains. "For example, you can check which of your prices are 10 per cent cheaper, 30 per cent cheaper, 10 per cent more expensive or 30 per cent more expensive than those of your competitors." An email is sent directly to your inbox to alert you of price changes on your competitors' products, allowing you to react immediately by adjusting your own prices, he adds. Pricing data from the Profitero account can be downloaded to Excel for detailed analysis.

Prices across grocery, drinks, health and beauty, household and electrical goods - the A-brands and own-label lines - can all be compared under the Profitero application. The system currently monitors 27.5 million products across 2,500 retail websites - 2,000 of which are in the UK. Grocers can contact Profitero with the list of websites that they want to monitor, and a client account can be set up on the online application within 12 working days. The Profitero technology can be integrated into in-house computer systems, allowing pricing data to be easily shared across the whole group. Visit [www.profitero.com](http://www.profitero.com) to register for a free demo of Profitero's online application; the technology is suitable for online and bricks-and-mortar grocers, retailers and manufacturers.

With offices in London and Paris, competitor price monitoring company, WorkIT provides the data and the tools to help make critical business decisions every

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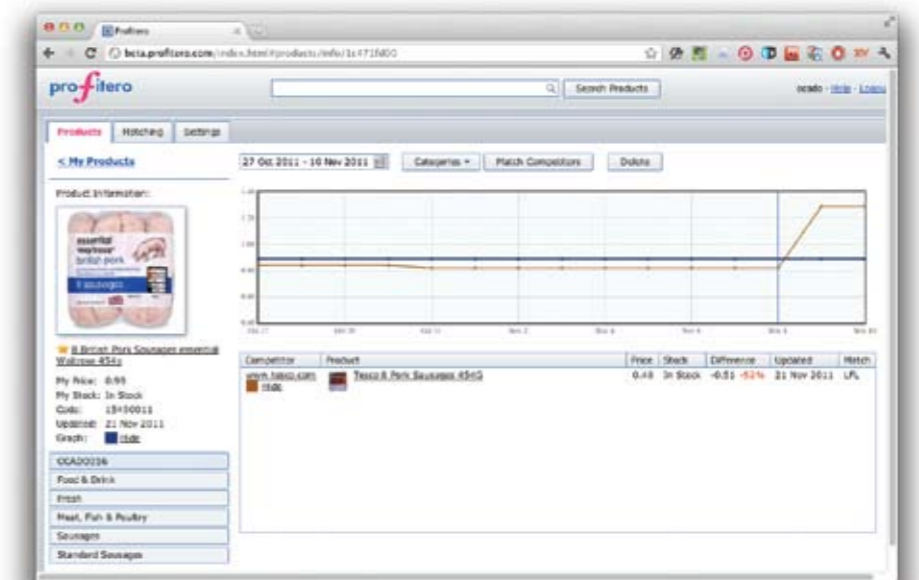


day, improving profitability, speed and competitiveness. "The most critical strategic decision a company can make is how to price its products or services. Not only does pricing affect profitability more than any other factor, it's also among the easiest strategies to implement," says Bernard Euverte, CEO of WorkIT.

As smartphones have made it easy for consumers to compare pricing in store, if a retailer wants to be successful they must embrace this and not let the customer walk out to purchase the product somewhere else. The WorkIT software helps retailers by "giving them competitor information straight away" and allowing the sales colleague to prepare better with negotiation and sales arguments. "An example would be, 'Yes (customer), you are correct; the product is £20 cheaper online but my competitor doesn't have stock. I can deliver today for you and if you need anything else you can come back and see me. My competitor is not local and doesn't have a store.'"

In 2010, the company launched the WorkIT Tracker: a new patented software that allows customers to monitor prices of the competition directly on their websites; the software got an innovation award at Salon e-commerce in Paris.

Typical day-to-day operational problems that clients want to solve with the WorkIT application include: maintaining competitiveness in the fast-moving market and being able to identify opportunities to improve profitability when conditions are right, says Euverte. "Our retail clients are more focused on the prices and assortments of their competitors while our manufacturing clients look at pricing history



and who sells what."

WorkIT's pricing structure is based on monthly fees with a price for each software module and a price for each product category. Visit [www.workit.co.uk](http://www.workit.co.uk) for more information on the WorkIT application.

Meanwhile, pricing monitoring company InSiteTrack provides competitor pricing data to retail clients across the UK. With Smartphone technology having enabled consumers to get access to products and prices wherever they are, it has led to the need for retailers to be more aware of their competitor activities, says Mike Weatherley, director at InSiteTrack. Clients want to automate the time-consuming collection and analysis of competitive pricing data, by using the InSiteTrack technology. "We automate the

process of competitor price tracking, analysis and price management for our clients, who want to have visibility into their competitors' online activities." The company provides daily price and product updates and general pricing consultancy to its customers. Pricing is based on the number of competitors and number of products to be tracked using the application.

The ability to monitor your products against those of your online competitors makes perfect sense, and having an adequate system to do this is essential to reacting quickly to price rises or price reductions of your competitors. Enlisting the services of an online price monitoring firm is an essential strategy in order to grow your grocery sales and profit margins in 2012.