



PriceShape
TURN PRICING INTO PROFIT

STAY AHEAD WITH DYNAMIC PRICING

Get detailed insights into your competitor's prices and increase your online sales and profit.

www.priceshape.com

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Introduction

With a significant increase in online shoppers during the past couple of years, purchasing goods online and getting information and knowledge about products, pricing has never been more reachable for consumers. The market, from the consumer's perspective, has never been so transparent as we see it today.

This development has, to a high extent, been **driven by price comparison sites and marketplaces**, such as Google Shopping, Idealo, PriceRunner, and Amazon.

It has become evident that consumer behavior has changed drastically during the past 10 years, and the thoughts of a high omnichannel strategy are emerging at tons of retailers worldwide. Furthermore, more and more pure players have entered the market, which demands that traditional stores think in new ways, compete at new levels and become more agile to win the favor of the consumers.

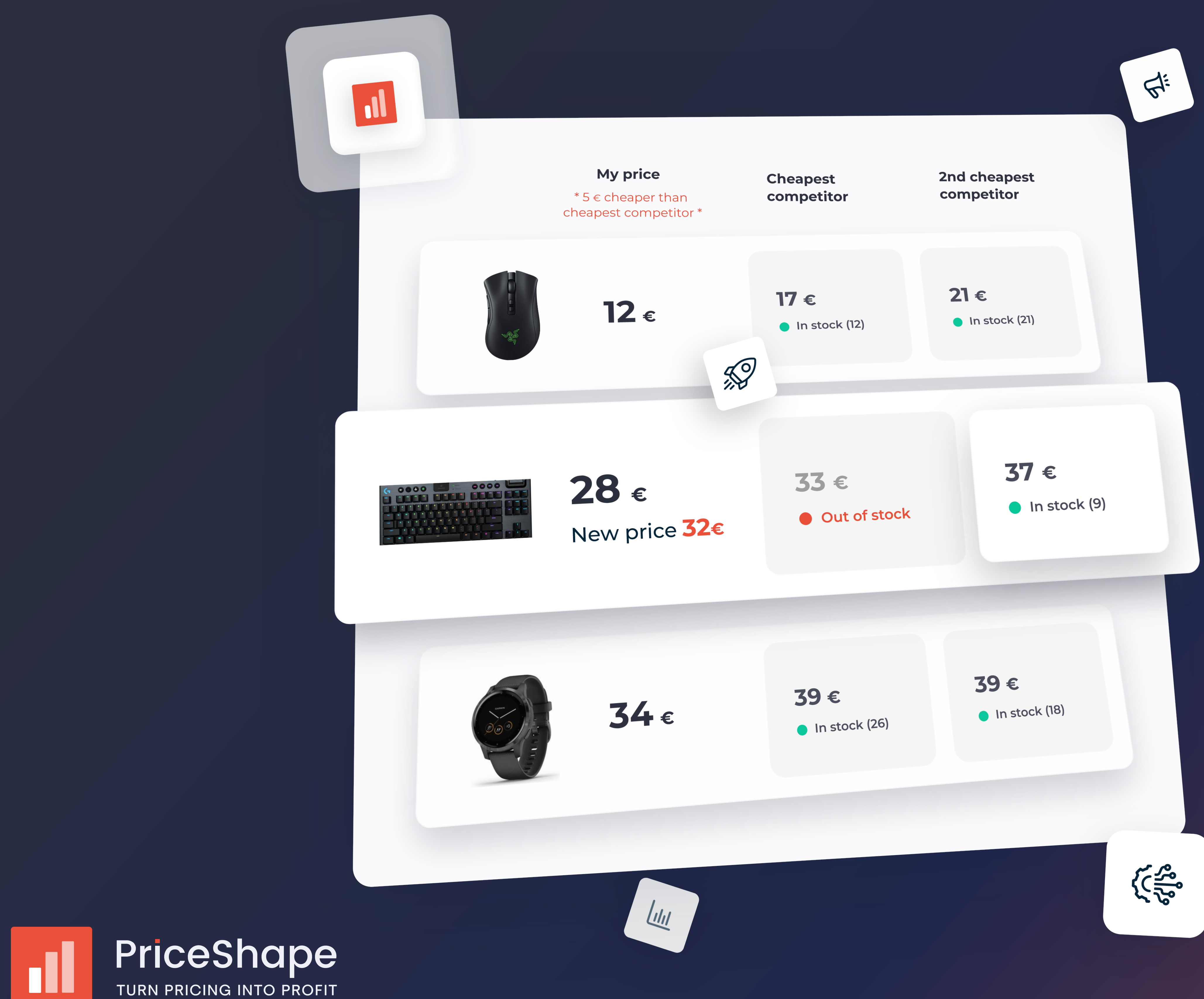
With these increasing demands to running a business this year, things like price, cost, and understanding the customer journey, are now more than ever important conditions for a business to succeed. And in this sphere, we find **dynamic pricing** to be the emerging strategy when it comes to pricing. In a world where transparency is key, it has become essential for the business to be on the spot with the right prices, or at least set a price that makes sense (when considering brand value f.ex). Pricing yourself way off the market means you are pricing yourself away from the customer's attention. And ultimately losing sales and awareness and ending up with a high amount of products in stock, large spending on non-converted products, and loss in revenue.

Understanding the market is the first step when searching online for competitors. PriceShape reveals that one retailer on average holds more than +300 competitors in smaller markets like Denmark and +500 in markets like Germany. So yes, focus on pricing and dynamic profit optimization has never been more important.

In this e-book, we want to highlight the benefit you will get by using a pricing tool and automatically updating your prices. To name a few:

- Increase in your profit across your full assortment
- Reduction in marketing spend and increase in ROAS
- Increase in volume of traffic to your shop
- Increase in Revenue
- Asset activation and higher turnover rate in your warehouse

Enjoy your reading!



Dynamic pricing as a business model

For years, the most dominant pricing strategy in the market has been **cost-based pricing combined with a twist of value-based pricing**. Both models made sure, that the company would be able to operate profitably without any significant risk.

However, as the market is emerging, the new needs and demands from the consumer have become overwhelming to the business model of cost-based pricing. What would happen if you made sure that your profit was top-notch on all of your products but did not manage to make any sales? We can tell you that no cost will be covered, and you will end up with a ton of non-disposable products that are not generating revenue.

But wouldn't you be making a deal with the devil when exposing your profit for lower prices? Perhaps, but it is not as simple as this. Moving towards more **dynamic-based pricing will shift your business model** and understanding of generating sales and traffic, optimizing your profit. It is a matter of a prioritized shift and prioritized resources in the business. If you manage to prioritize your resources, you will most likely experience a significant increase in your business, both in the top and bottom lines. But this will not just happen by buying a pricing tool. That would be the same as claiming you want to work with digital marketing but not doing anything towards that and expecting results to come running.

With that said, if you are not already doing it while you are reading this, to potentially get some inspiration, we would highly recommend you look in the direction of more a dynamic-based pricing strategy. And trust us, the robots will not take over, ruining your business. **No robot or engine is operational without human touch**. Why is this a recommendation?

Looking at the top 500 fortune e-commerce worldwide, only **10-20% are not doing dynamic pricing**, so the question to you is: Do you dare not to?

The importance of dynamic pricing is to recognize that this is not just a run to the bottom, because “game-changer”- the engine is pretty clever. It is a matter of finding the right price based on different parameters, such as performance, the market, the inventory level, turnover rate, and week cover. These are all essential parts of building the foundation for dynamic pricing. Utilizing data will get you the upper hand, and enriching that with your competencies and ambitions will most likely place you in the front row of the market, as dynamic pricing is quite well known. You need to exploit everything data can give you, marketing, pricing, insights, and negotiation power, which can only be done if you are willing to invest. Invest in the right tool, the right partner, and the right people.

Congratulations! You are now a part of **“The New Black”** - Become the best version!

“Priceshape has a lot better interface than all of the competitors we looked into. The support is 10/10 and the tool is developing all the time. A lot more value for money than other tools that I have tested.”

Chris Hansen
E-commerce Manager @Tradepoint



[Click to read more reviews](#)



The digital development of price comparison tools

Retailers with physical stores - *How to think omnichannel and act as a pure player with the power of the physical stores?*

Still, one of the main reasons for retailers NOT to move towards dynamic pricing is their lack of affection to keep shifting the prices in the physical stores. Again and again, the statement pops up: “I can’t have my employees running around changing prices every day”.

Well, let’s break this down - in 2022, **91% of all European citizens went online**, so 9 out of 10. 75% of these purchased online. So to be clear, no one will ever say in this year, “Hey, I do not know how the internet works, so I will just rely on what you say in the store”. The Omni channel is coming whether you want it or not. That means that you, as a retailer with physical stores, need to have a clear-cut picture of how you aim to merge the online world with your physical stores.

In 2022, **56% of all physical shoppers went online** before they bought the good in the physical store. Every second customer in the store uses the internet to get information and price comparison before buying the product. So we imagine that the Omni channel evolution is going to be a pull strategy unless you as a retailer, act proactively and utilize the aspect of a dynamic pricing strategy to increase your profits and revenue.

So what could you then do if you do not have electronic front shelves? A clever fix would be having a monitor in the store for the customer to access your products online and see the “live” prices. State the message that you aim to give them the best price in the market, which demands live prices.

Their safety is that they do not have to go anywhere else than in your store. Using the internet in your strategy will set you all in front. Imagine that you would know exactly which product all the customers went to in your store, imagine you would know how many customers were looking at the individual products but did not buy it. Then imagine that you would know exactly what product would generate the most profit, with the best price in the market and an all-time good conversion. What would you do with these products? Place them right in front of your store, right? That is the power of the internet and a dynamic pricing tool like PriceShape.

That is the reason why **an Omni channel strategy is essential**, and that is why you need to have this in your toolbox and strategic planning for the future.



What is intelligent dynamic pricing?

Let's clarify - **Dynamic Pricing is more than just setting the price** automatically based on the competitor. Intelligent dynamic pricing takes its foothold in setting different values, which then, based on internal and external factors, adjust the prices automatically. Same as we have seen in the tourism industry with hotels and plane prices changing depending on how many times you have looked at it.

However, to make this intelligent, it is of utmost importance that you, as a retailer, **learn to understand the market dynamics**. Understand the behavior of your products and the performance of what makes a “good” business for you. Knowing these elements, you will now have the basis for setting and grouping products to outperform your competitors.

By selecting different values, which group your products and tell their story, like bestsellers, slow movers, traffic creators, and high converts with high margins, then you can build your strategies based on different reasonings such as aggressive pricing or high-margin price matching. Ultimately, your products will automatically change up and down in the strategies dependent on the values which the products might get when selling in your shop.

This will give you **fully automated and intelligent pricing**, where prices are adjusted based on a unique set of identifiers. Prices are set based on simple selections. In PriceShape, we can track it down to you by answering max 10 questions when doing a strategy, but the combination will give you more than 300K+ varieties to persuade the customers to buy your products. The bottom line: **data is key**.

How to apply dynamic pricing?

Dynamic pricing should always be incorporated into the overall pricing strategy of your firm, combined with systematic and daily monitoring of your competitor's prices, stock status, etc.

At PriceShape, you will be able to set simple dynamic pricing rules which are adapted to your specific needs. If you have decided on a price that is too low in the market, it will automatically be adjusted through dynamic pricing. At the same time, your price will be decreased if you have decided on a price that is too high in the market. You will immediately experience a **high value at your bottom line if you apply dynamic pricing.**

A systematic focus on dynamic pricing and continuous tests on different pricing levels will provide you with valuable knowledge which optimizes your revenue and profits.

Often you will, at first, experience an immediate impact on your bottom line, as most companies have a considerable assortment, where they either are priced too high or too low. In any case, a dynamic change will give you higher sales or increase the price of the products where you are too low.

This knowledge makes it possible to apply a dynamic pricing model in the most optimal manner, where price changes will adapt automatically and, at the same time, be based on the price positions of your competitors.

An example:

Spring is coming, and you have recently tied up a large assortment of garden chairs. For the category of garden chairs and two brands in particular, you know it is key to be **5% cheaper than competitors A, B, and C.** But you also know that shipment and other indirect costs must be

covered so you would need a **minimum product profit of 30%**.
If competitor A is priced below your minimum requirements for profit, you would need the sale price to be as competitive as possible. The price of the item is lowered to precisely 30% profit however, when competitor A goes out of stock, your price increases immediately to the price of competitor B. Then you discover that your weeks on hand of inventory for some bestseller chairs are decreasing faster than expected due to high demand. You are still determining the exact restock time from the supplier. For this reason, you want products with the current pace of sale to be increased to maximum product profit and the price set to go higher than competitors.

It then turns out the weather forecast is rainy days ahead, so sales are slowing down. Along with that, the shipment of your refill order will be in stock sooner than expected. Your price then adapts to the price of competitor C who is now the cheapest in the market.

All the above actions can happen automatically once these settings have been configured. This way, you **maximize your market share** and utilize the profit potential.



How to implement dynamic pricing?

Shifting to dynamic pricing will require a shift in your strategic way of business. Change of management and inclusion of your employee group is essential when aiming toward dynamic pricing. Buying a tech product will only let you conquer the market with **the right team around the table**.

Select **a platform and a partner who matches your ambitions** with your dynamic pricing and business. Ensure the platform can do the trick, focusing on factors such as stock availability, performance data, pricing, delivery cost, etc.

Structure your approach to price strategies and **group your products** as much as possible. It could be product types, categories, brands, or groupings based on dynamic values.

Monitor and utilize KPI knowledge on your prices to ensure you are moving in the right direction and aligned with your strategies. Lastly, optimize your marketing expenses on Google Shopping by knowing which products you are most competitive on. This will increase your ROAS.

How can PriceShape assist you?

Through your PriceShape subscription, **you can start your account within 2-3 days.** We offer you the possibility to start with a free test account. When the test account has expired, the only thing you have to do is to send us your full product feed.

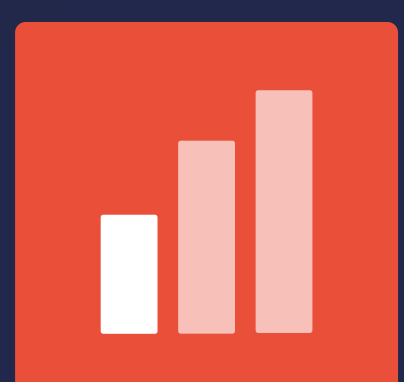
When entering a collaboration with PriceShape, you will be given a **dedicated Customer Success Manager** who will take you through a thorough onboarding process to make sure you will get the absolute most value out of working with PriceShape at all times as a customer

Moreover, we ensure the following benefits at PriceShape:

- Direct support with our Tech team
- We will scrape the entire market all over the world to make sure to provide you with valid daily updated data
- Based on your GITN, we will find and match your products fully automated to give you a smooth working experience
- PriceShape is built for business users by business users. We have invested endless time to ensure that PriceShape is user-friendly for anyone in the organization
- We act as an agile and innovative company adapting to business needs and constantly releasing new updates to optimize our platform

Try PriceShape for free

Get started



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