The Most Common Red Flags in Retail Pricing Strategies

Challenges and solutions for executing consistent, competitive retail prices.

CLEAR DEMAND

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Why Pricing Matters

A pricing strategy is like a tightrope. Retailers walk steadily balance profitability, perception, and experience. Get it right, and your sales soar. Get it wrong, and you could land in a pit of lost revenue and frustrated customers.

In grocery, it’s challenging to get your footing since consumers, products, and prices are always changing.

Let’s say you face fierce competition from a new discount chain down the street. They offer rock-bottom prices on national brands. How do you respond? Some might say to slash prices across the board - but ultimately, a race to the bottom will hurt your profitability.

The solution is to understand your competition prices and assortment, connect with your customers, and feel confident that your data is setting you up for success.

Your pricing strategy is only as effective as its execution.

Set Your Strategy

1

MARKET RESEARCH & COMPETITIVE INTEL

- competitive pricing
- local demographics
- market trends

2

COST ANALYSIS & MARGIN SETTING

- product cost
- overhead
- expected profit margin

3

SEGMENTATION & TARGETING

- brands
- quality
- customer needs

4

PROMOTIONAL STRATEGY

- loyalty programs
- seasonal sales
- loss leaders
- discounts

Keep reading to learn the most common “red flags” retailers face when executing pricing (+ solutions to overcome them).

Strategy & Execution

🚩 IT'S A RED FLAG IF...

❌ You can't quickly see if you're aligned with your competitive pricing strategy, so it's a struggle to identify discrepancies, risks, and opportunities.

✅ Your pricing strategy should translate into real-world action and your data should be reliable and available to make connections between your strategy and its execution.

Let's say your pricing strategy is to sit 10% above Competitor A's base price and equal on promotion, then a competitor price index / index pricing is the simplest way to see how your strategy is executed and respond.

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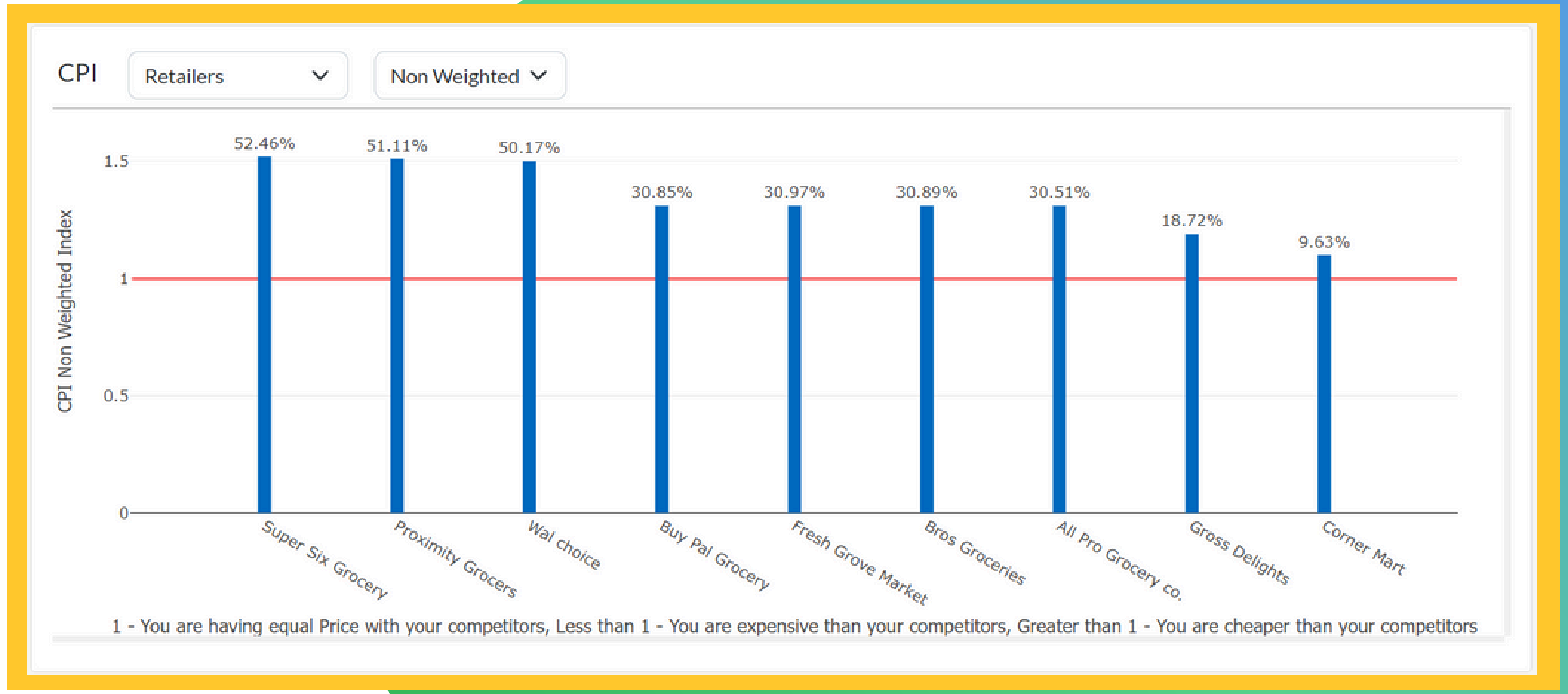
Competitive Price Index

With a visual representation of the competitive price index, retailers gain a clear and intuitive understanding of how the pricing strategy is being executed in relation to competitors. You can drill down into any competitor to learn the reason behind these numbers.



Price Change Frequency

🚩 IT'S A RED FLAG IF...

❌ Your shoppers notice frequent price adjustments on a particular product and it starts to erode customer trust and the overall perception of your store.

✅ Your pricing should find the optimal balance between reacting to the market/region, maintaining margins, and aligning with price perception.

Let's say one of your competitors is changing prices where you have little activity. If your customer sees the competitor's changes and perceives the new price with value, but you're not changing prices, they might not correlate your store with positive value.

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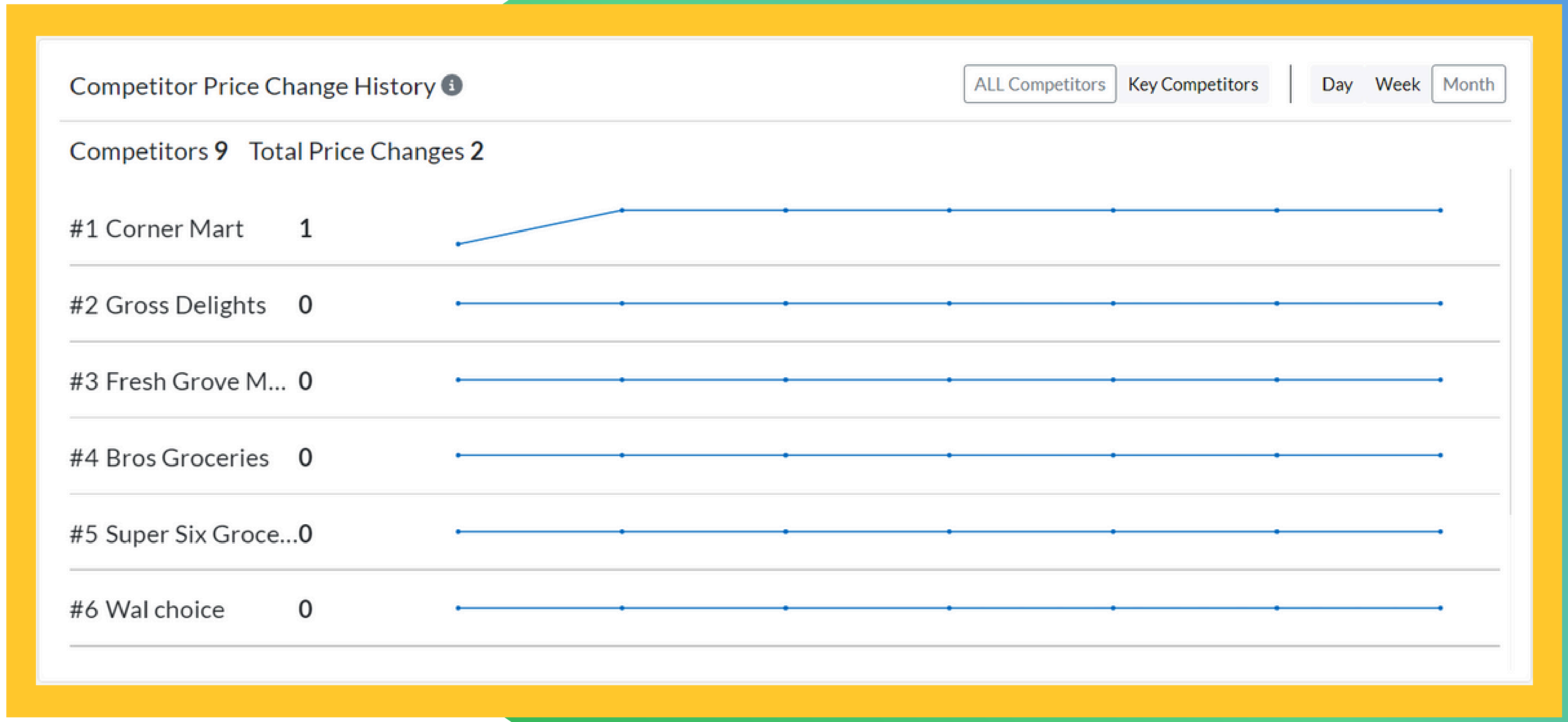
Price Change History

Leveraging competitive intelligence helps retailers track price changes. You can ensure that your pricing adapts to competitive conditions. You might start to notice market trends or pick up that your competitors are using innovative technology like ESLs.



Measuring Impact

🚩 IT'S A RED FLAG IF...

❌ Your decisions are based on inaccurate/incomplete data. Your data could be misleading your decisions and/or your conclustions about the effectiveness of your strategy.

✅ Your pricing should be supported by accurate data and actionable analytics, making it simple to track the impact of your pricing (strategy, execution, adjustments).

Let's say your leadership expects answers about your pricing against the market. If you can't quickly measure impact or have to spend time creating fancy pivot tables, then it's you probably don't have a timely pulse on what's working, what's not, and/or what the competition is doing.

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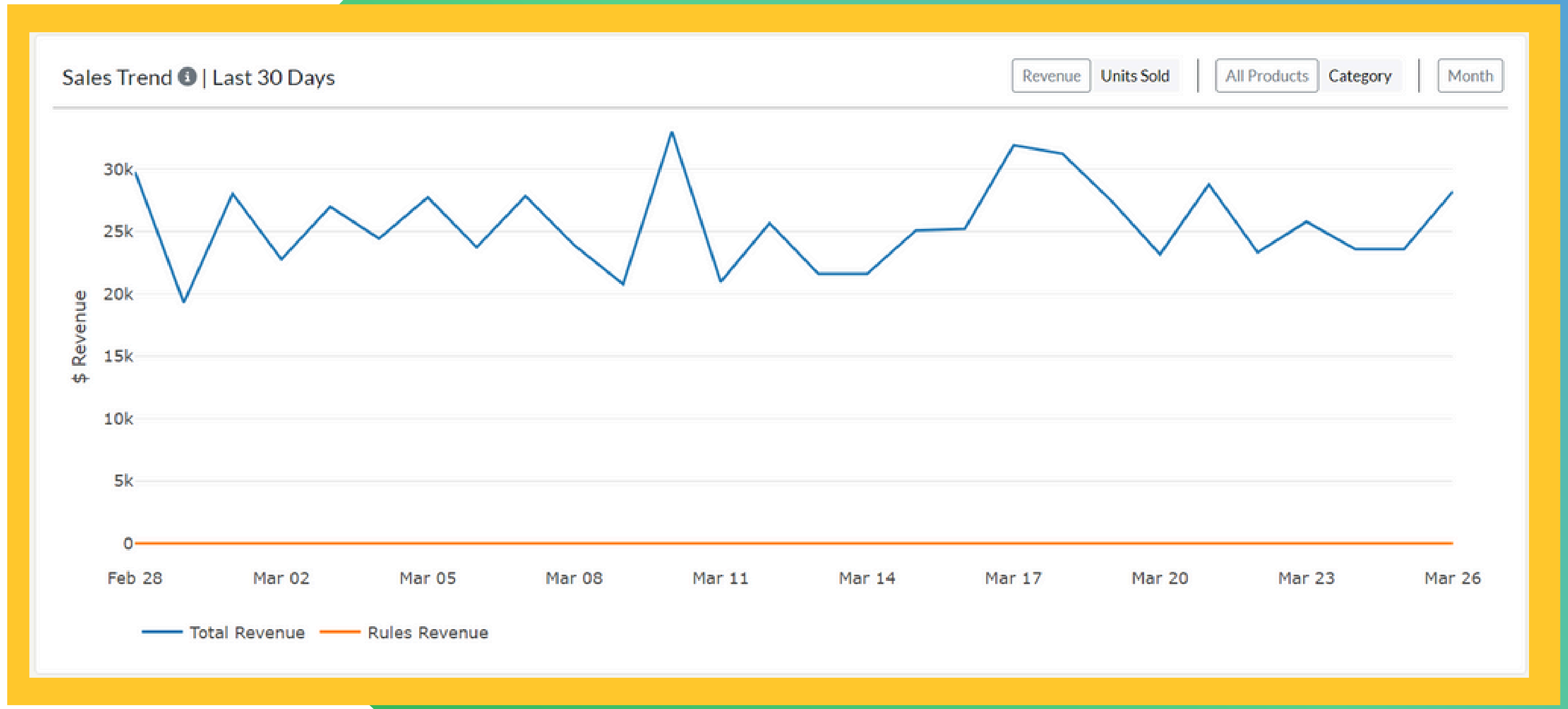
Sales Trend

Retailers can look at a sales trend graph to learn the impact of the products that have pricing rules applied to them. You can see total revenue vs. rules revenue in a quick snapshot or drill down into the daily sales detail as necessary.



Guardrails & Documentation

🚩 IT'S A RED FLAG IF...

You're being exposed to losses because you haven't documented your pricing rules and lack visibility into where and how rules are broken.

Your pricing should have documented rules, exceptions, and thresholds in order to maintain healthy profit margins across price adjustments.

Let's say your produce category manager manually tracks competitor prices to ensure your strategy isn't leaving money on the table. Using automation, they can easily create a rule to match the lowest competitor price the monitor competitive position and sales trends.

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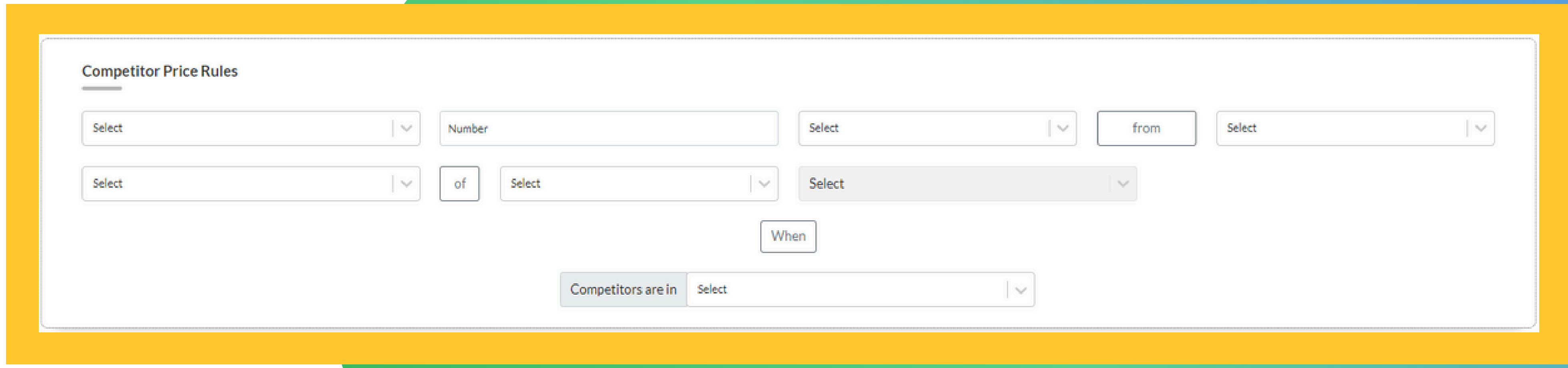
Pricing Rules

Retailers can use pricing automation to create (or edit) pricing rules. This solution makes matching prices while keeping margin simple and straightforward. You can set the best prices across more products and more categories without the manual effort.



Ignoring or Relying on KVIs

IT'S A RED FLAG IF...

You only change prices to specific products because they're the ones you regularly analyze, but you're losing an opportunity of adjusting prices on thousands of others SKUs.

Your pricing should attract customers which means not solely relying on key value items to drive sales.

Let's say you your team has identified weekly price adjustments for 5,000 SKUs but there is pressure to improve margins across categories. With the right price system, you're able to adjust 10,000 SKUs to maximize margins.

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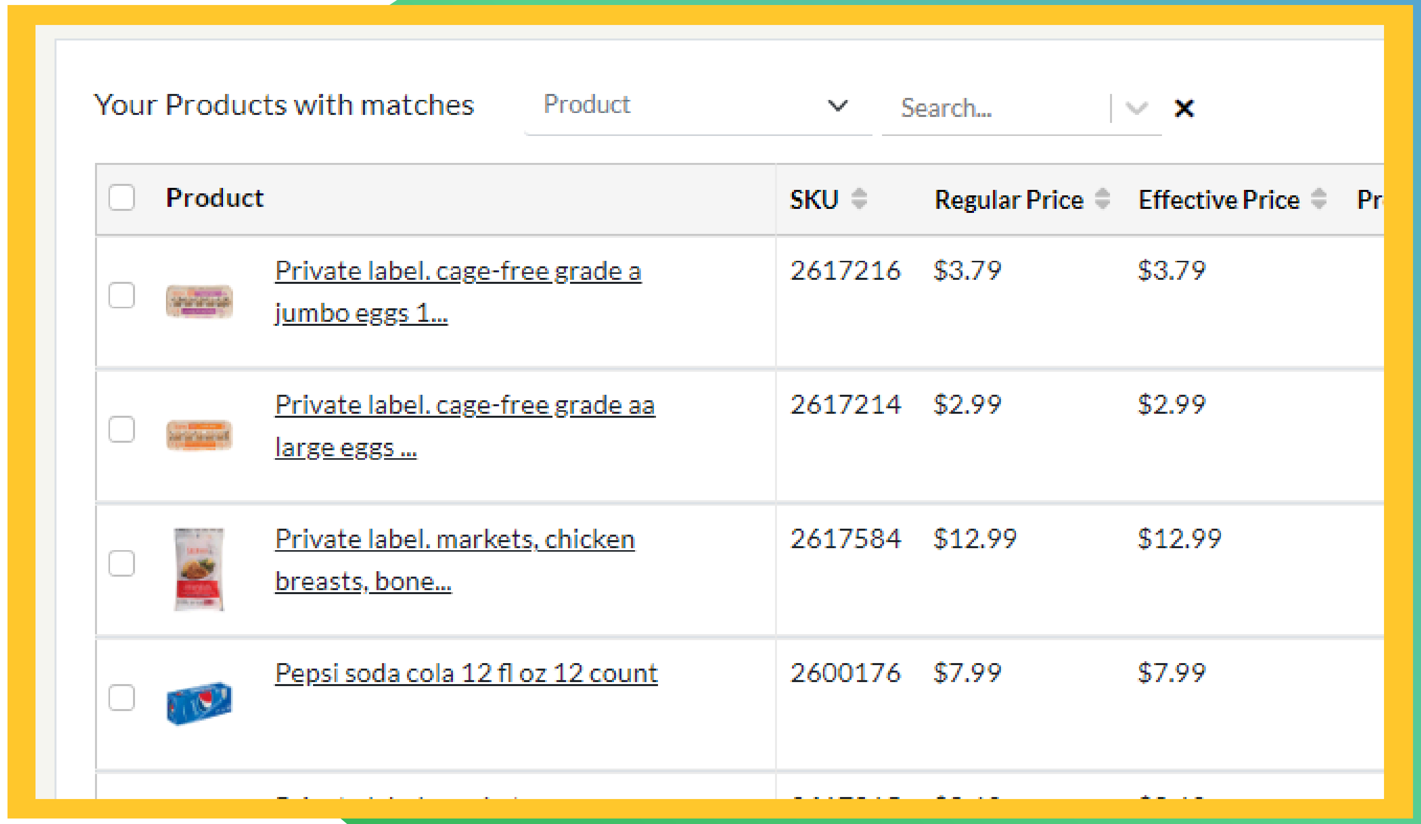
Product Matching Tool

Retail users can receive access to a robust product matching library with the option to verify or decline matches. Then, in the pricing engine you're able to quickly review your product match detail to make important decisions on pricing and selection.



“It's not just about setting the lowest prices; it's about finding **the right balance** that delivers value to customers while ensuring sustainable profitability. At Clear Demand, we are thrilled to **empower retailers** with innovative solutions that address the most common red flags in pricing. Our retail analytics and pricing platform is purposefully-built to provide you with **actionable insights and confidence** to execute your pricing strategies flawlessly. We’re dedicated to helping our clients achieve **pricing excellence** and drive business forward.”

RAJAT NIGAM
CHIEF PRODUCT OFFICER
CLEAR DEMAND

When you face a challenge…

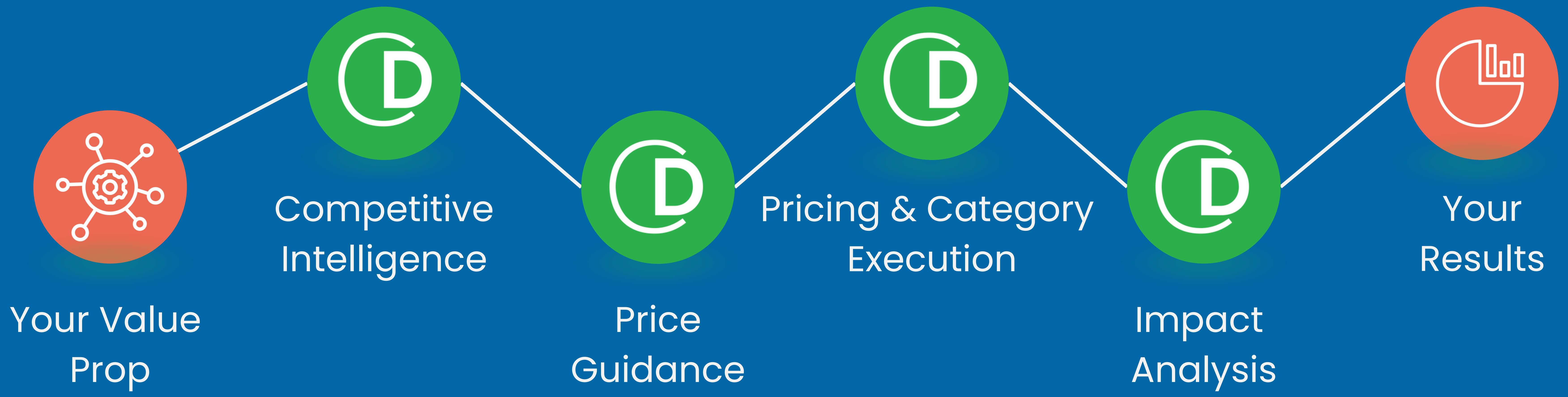
Retailers facing these “red flags” are essentially operating in the dark. It’s time to course-correct and achieve a data-driven approach that maximizes profitability, delivers a valuable shopping experience, and streamlines operations.

…Partners find solutions

There’s power in technology! By leveraging competitive intelligence and/or a pricing engine, you can scale, analyze, and optimize your pricing strategy. Partnering with a solutions provider like Clear Demand is about more than software… It’s about access to a team of retail experts who can provide solutions to your biggest challenges.

Pricing Success

Here's a roadmap for you to develop a data-driven, customer-centric strategy.



Clear Demand Solutions

Use competitive intelligence to drive smart pricing decisions and automate pricing rules to receive the best pricing recommendations.

BENEFITS FROM PRICE OPTIMIZATION:

- Reduce pricing errors and inconsistencies
- Enhance your customers experience and your brand perception
- Analyze market trends and measure the impact of your price adjustments
- Streamline pricing workflows and work out of a centralized pricing system
- Improve resource allocation
- Enhance competitiveness

About

CLEAR DEMAND

Who We Are

We're revolutionizing retail operations through efficient automation, improving our customers ability to compete and win in the market.

Mission

Clear Demand empowers profitable retail growth through data, machine learning, and automation. Take control of your product, category, and organizational profitability with our end-to-end retail pricing, promotion, and assortment solutions.

www.cleardemand.com