

STORES

Effective Omnichannel Pricing Requires Omniscience

Product intelligence will inform 80 percent of the top 10 e-commerce retailers' pricing decisions and drive mainstream adoption of high-velocity pricing" by the end of 2016, Greg Girard said in moderating a panel session titled "Pricing Strategies for Competing Effectively in an Omnichannel Retail Landscape." By 2020, product intelligence "will influence \$3.7 trillion of retail spend in the United States — 18 percent of GDP."

Joining Girard, program director for merchandise strategies at IDC Retail Insights, were James A. Sills, president and CEO of Clear Demand; Erik Lystad, senior manager for pricing strategy at The Home Depot; and David A. Sefcik of the National Institute of Standards and Technology's Office of Weights and Measures.

Consumers, Girard explained, have a great deal of information about the products, services and capabilities of the retailers from whom they might make purchases. They find this information on an ad-hoc basis, searching for it on any number of mobile and other devices. Going forward, that information will be — and is already being — collected and applied by retailers, he said; product intelligence is a use case for big data and analytics.

"To know about your customer," Girard said, "is not enough. You have to understand everything about the products and services your competitors offer, and how they are bringing them to market."

Lystad said retail pricing will become "highly visible, real-time and localized," indicating that the kind of dynamic pricing already in common use by airlines, hotels and casinos will soon spread to many — perhaps most — categories of retail. "There will," he said, "be no more 'one-price-fits-all.'"

To succeed in such an environment, Lystad said, a pricing strategy must be articulated and nuanced, defined in advance and based on fast and accurate competitive intelligence. It also needs to be carefully thought through.

One thing he advocated avoiding, at least in most cases, is channel conflict, in which a customer sees one price for an item online and another in the store. If you avoid it, you provide the consumer with a consistent experience, and



The Home Depot's Erik Lystad

Retail pricing will become "highly visible, real-time and localized."
— Erik Lystad, The Home Depot

you avoid a perception of your company based on the price differences.

"You also," he said, "provide a clear, simple message for your associates. One thing we don't want to have them do is explain to a customer with a phone in her hand why the item she's looking at on your shelf is more expensive than the one she's looking at on your website."

Sills followed with a presentation on the relationship between price and the decision to buy. This led to a discussion of unit pricing, and Sefcik explained NIST's most recent standardization and labeling initiatives.