

COMBATING PRICE EROSION IN THE CONSUMER ELECTRONICS MARKET

We give a major multinational manufacturer daily visibility into retail pricing for its products so it can enhance its pricing policy.

The client

One of the world's largest manufacturers of consumer electronics and computing devices.

Situation

European retailers selling our client's products were competing aggressively on pricing and with promotions to win sales. This caused the prices of our client's products to fall faster after launch than it would prefer, with the result that it was not maximizing profitability.

It needed a transparent, omnichannel view of global prices for its products across online and offline channels to improve its price and promotion strategy. The company wanted to understand whether price erosion was getting worse across its product portfolio or whether it was limited to specific models and product ranges.

Approach

Our Promotion and Causal Retail solution monitors pricing across print adverts and flyers, retailer websites and retail stores to give a complete view of the European market. The service also includes the integration of sales figures to understand the effect of price changes. Our ad tracking service monitors advertising across hundreds of publications in Europe, offering insight into how local store pricing

decisions affect the market. Our online pricing intelligence, meanwhile, gives price, stock and promotional details for any selected online retailer as well as a clear view of online pricing throughout the entire market.

Combining our online and offline pricing intelligence into a single reporting tool enables our client to understand what digital and high-street retailers in Europe are charging for its products. The reports also offer insight into retailers' product assortment as well as how they promote products in their stores and flyers. The company receives alerts on the day that a retailer promotes a pricing decision that could change market dynamics so it can respond quickly.

Outcome

Access to real-time, omnichannel pricing analysis, including price alerts, has helped our client stabilize pricing for many of its key products, especially its flagship smartphone model. One key benefit is that the company can react quickly to price changes in one country to ensure that they do not erode consumers' perceptions of brand and product value in other markets. The company can also analyze and adjust how factors such as cash-back promotions, trade-in offers, product assortment and availability as well as product placement and presentation in stores and flyers affect price erosion.



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About GfK

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