



**PRICING THIS
HOLIDAY SEASON**



**TABLE OF
CONTENTS**

Getting Ready	3
Take a Look Back	4
Goals for the Season	5
Clear Out The Old	6
Maximize Your Margins	7
Evolve Into Something New	8
Grow Audience	9
Ensuring a Consistent Strategy Implementation	10
How Pricing Engines Work	11
Winning at the Holidays	12



Getting Started

The holiday season will be here before you know it. Pretty decorations, festive music, and mouth-watering food is definitely on the horizon. For retailers, this is a time to ensure that your inventory is well stocked, your website is technologically sound, and your logistical issues are all ironed out.

But it's also a time to develop your pricing strategy. With so many discounts and sales from competitors, it's easy to get pulled into an unwinnable race to the bottom. Costs, in the form of seasonal employees and overtime labor, often increase, while customer expectations shrink margins.

Developing a comprehensive strategy at this time of year is critical. Effective holiday strategies can attract new customers throughout the following year and convert online and window browsers into loyal shoppers.



Take a Look Back

Past holiday sales history can be a great gauge for developing expectations. When reviewing previous years' sales figures, identify the following data:

- What sales periods delivered the highest sales spikes?
- How did sales on discounted items compare to regular price items?
- Was the previous season's pricing strategy effective toward reaching targets?
- Which pricing strategies delivered the highest profit margins?

Identifying this information will provide a pricing strategy road map. For example, if regular-priced items continued to sell well during a free shipping promotion or in conjunction with discount-priced merchandise, retailers don't need to put everything on sale.



Goals for the Season

Every business wants to sell merchandise during the holiday period, but their goals are as unique as the business itself. Many, of course, are looking for profits through high sales volumes, but others aren't necessarily looking to boost the bottom line.

Fashion retailers, for instance, may be more interested in pushing the season's fashions out the door ahead the upcoming new spring-season arrivals, while other stores may want to attract new customers. Still other businesses want to change the market's perception of their product lines.

Before retailers start marking down prices across different product lines and departments, it behooves them to define their goals for the season, and develop a pricing strategy designed to reach those targets.



Clear Out The Old

The holidays are the perfect time for retailers to move unwanted inventory through promotions. By incentivizing the purchase of low-volume products through bundles, low prices, or other promotions, these retailers can reclaim valuable inventory space, as they get set for the year ahead.

Discount pricing can help other inventory issues as well. Seasonal items, such as winter clothing, or last year's summer items like swimsuits, sun dresses, and sunglasses can all get pushed out the door through holiday discount pricing.

Bundling popular items with less popular inventory, through BOGO or other promotions, is another way to move unwanted inventory while selling your more popular – and profitable – merchandise.



Maximize Your Margins

While customers are out hunting for discounts, some retailers prefer to keep their margins high. Throughout the holiday season, they maintain consistent price points. To compete with the competition, they frequently offered tiered discounts, where a customer might receive a 10% discount on a \$100 purchase, or a 15% discount if they spend over \$200.

Market research giant Deloitte's 2017 Holiday Survey showed that consumers are drawn toward free shipping. Retailers can deliver value to customers with these types of services, while keeping pricing at their year-round prices.



Evolve Into Something New

The massive shopping rush that takes place during the holiday season gives retailers the opportunity to remake their brand and pricing strategy. New customers will be visiting sites and stores, allowing retailers to present themselves to a fresh audience.

Retailers can take this opportunity to brand themselves as a discount or high-end seller. Using their new strategy, they can deliver the pricing, and accompanying support, that would be expected by their new customers.



Grow Audience

For retailers looking to break into new markets and reach new customers, the holidays provide the perfect opportunity. By aggressively pricing products that haven't been sold or featured before, online stores can attract different customers to the site.

For example, a toy store that has focused largely on Legos other building block toys could reach a new audience by heavily discounting and promoting children's art supplies. By using a discounted pricing strategy on their new line, the company would reach their new audience without sacrificing margins on their existing customers.



Ensuring a Consistent Strategy Implementation

Envisioning and developing a strategy is one thing. Having the wherewithal to implement it across thousands of products, while allowing for the flexibility to react to competitive forces, is an entirely different challenge.

Doing so requires a dynamic pricing engine, which combines rule-based or AI-driven pricing strategies with the market. The dynamic pricing engine is a key component to any pricing strategy, as it allows users to apply their strategy across all products, while reserving the ability to introduce additional rules or pricing decisions on specific items.

Dynamic pricing platforms, like those developed and sold by Quicklizard, would help retailers find the right price point to reach any of the goals discussed:

Inventory turnover | High margins | Evolve price strategy | Grow audience



How Pricing Engines Work

Pricing managers develop a strategy and enter the rules for the strategy into the pricing engine. Rules could range from setting a minimum margin point to always staying within 5% price of an online competitor, and are applied across multiple products.

The pricing engine then scans competitor sites and returns with updated pricing recommendations. As customers browse

and purchase products, the system learns consumer behavior, and factors in that data when recommending a price.

Recommendations can be automatically applied to merchandise or require pricing manager approval. These price recommendations can occur throughout the day, or at set times, depending on the needs of the retailer.



Winning at the Holidays

In the United States alone, holiday shopping is expected to account for over \$1 trillion this year, while shoppers in the United Kingdom will spend over £2 billion. Competition is fierce, and even with high sales, far too many retailers fail as they try to out-discount their competitors. The undisciplined rush to offer the lowest prices creates a toxic business environment where no one wins.

Companies that take the time to develop a pricing strategy which is aligned with their goals and supported by a dynamic pricing engine have the pricing infrastructure needed to win during the holiday season.

Interested in seeing how a dynamic pricing platform could improve your prices?

Contact Quicklizard today to schedule your dynamic pricing demo.

www.quicklizard.com



Quicklizard is a global solution provider that helps retailers make smart real-time pricing decisions across online and offline channels. Relying on accurate data analysis, QL's dynamic AI platform allows businesses to adjust prices with maximum precision, quickness, ease and efficiency, as a basis for enhanced profit and revenue.