

WISER SOLUTIONS

**HOW TO CRUSH THE COMPETITION AND
MAXIMIZE SALES THIS HOLIDAY SEASON**

ON: amazon marketplace

Executive Summary: Maximizing Profitability Through Strategic Marketplace Pricing

This report provides a framework for ecommerce businesses aiming to stay competitive and maximize revenue during the 2024 holiday season. With over 6 million sellers actively listing products on Amazon in 2023, the marketplace has become increasingly saturated, requiring more sophisticated tactics beyond merely listing products. Brands and retailers must adopt specialized pricing strategies that take into account marketplace dynamics, consumer behavior, and intensified competitive pressures to drive meaningful growth.

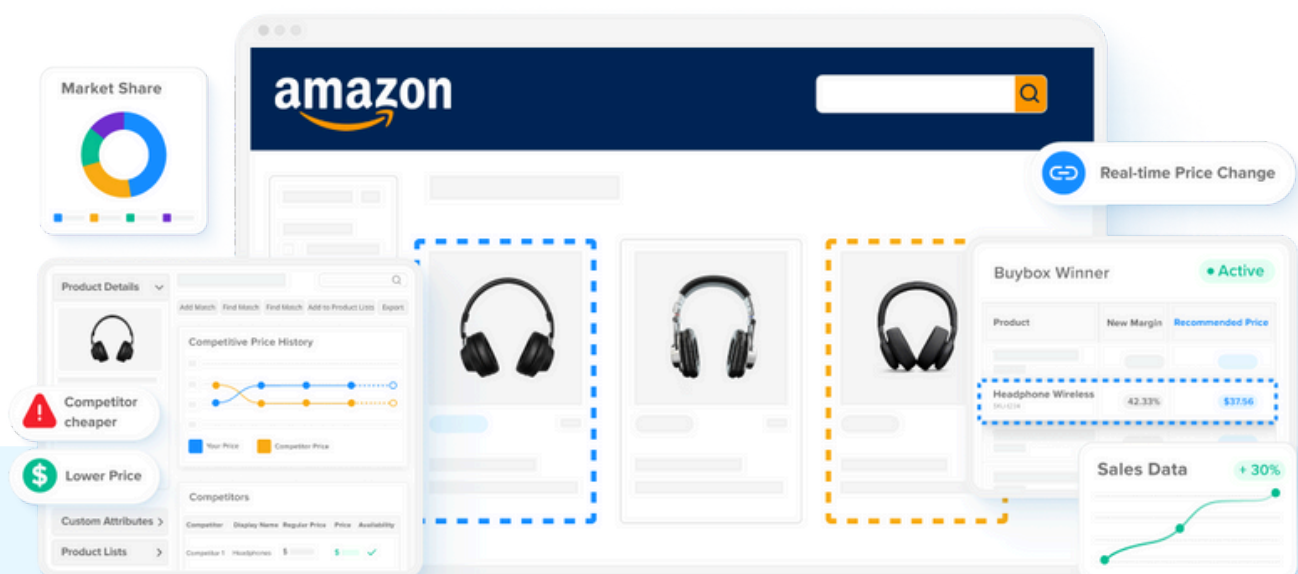
The guide emphasizes the importance of recognizing the unique competitive landscape of marketplaces, where products are often priced 15-25% lower than on direct-to-consumer (D2C) channels. A critical recommendation is product segmentation, allowing businesses to tailor pricing strategies based on product category, brand, or attribute. By using segmentation to refine pricing decisions, ecommerce professionals can better address different market segments, align with consumer expectations, and enhance competitiveness across product lines.

Additionally, the report stresses the necessity of a mechanism for agile pricing strategies, which empower businesses to make real-time adjustments in response to shifting market conditions. Continuous monitoring and quick price modifications are particularly critical during peak shopping periods, where even small price adjustments can influence consumer behavior and competitive positioning.

In conclusion, the report delivers a comprehensive approach for ecommerce businesses looking to optimize their pricing strategies on marketplaces like Amazon. By employing a thoughtful combination of product segmentation, data-driven insights, and agile pricing mechanisms, brands and retailers can not only boost their profitability but also achieve sustained competitive advantage. Extending these strategies across all sales channels—while leveraging automation and real-time monitoring—ensures a cohesive pricing strategy that maximizes market share and profitability in today's complex landscape.

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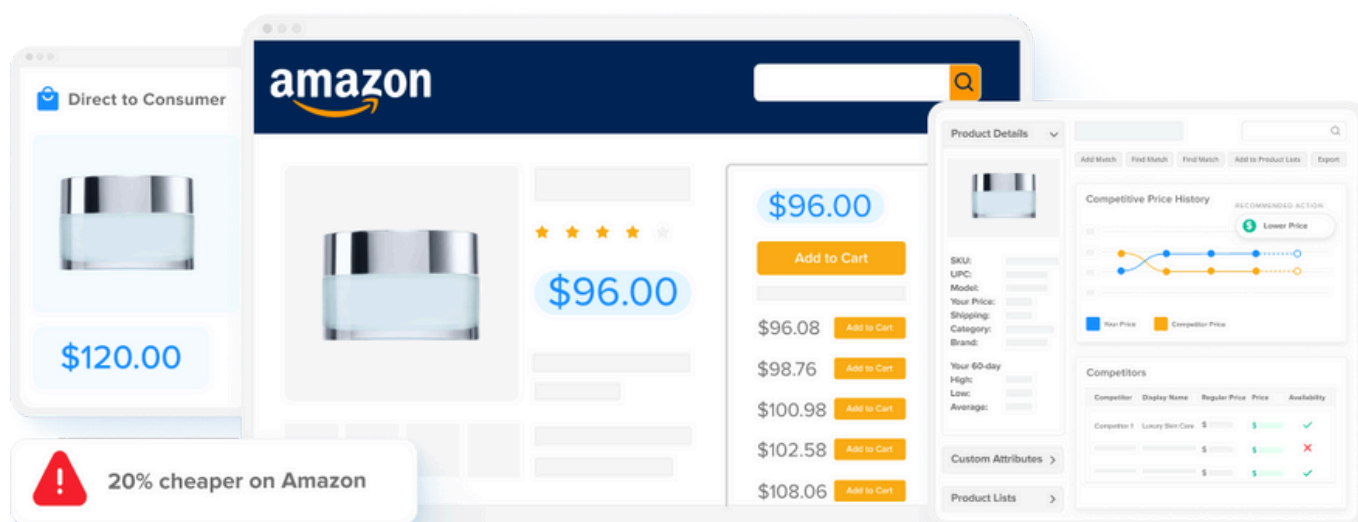


In 2023 alone, over 6 million sellers were actively listing products on Amazon, marking a 20% increase compared to the previous year.

This surge highlights the intense competition businesses face in marketplaces.

Navigating Unique Competitive Pressures

In this hyper-competitive environment, simply listing your products on marketplaces like Amazon is no longer sufficient to drive sales growth. Competing on these platforms is fundamentally different from competing on direct websites, with unique challenges and opportunities that demand a specialized approach. This guide is designed for ecommerce leaders seeking actionable insights to optimize their pricing strategies across marketplaces this holiday season. By understanding the distinct competitive dynamics of marketplaces, segmenting your product offerings, and implementing agile pricing tactics, you can position your business to capture market share, maximize profitability, and ultimately, outmaneuver the competition.



Products sold on Amazon are often priced 15-25% lower than those sold on D2C sites, as sellers adjust their pricing to match marketplace demands and competition.

Understanding the Distinct Competitive Landscape of Marketplaces

For many retailers, the number one concern heading into the holiday season is how to effectively compete on marketplaces like Amazon. Unlike traditional retail channels, marketplaces present distinct challenges and opportunities, requiring a nuanced understanding of the competitive landscape. It's essential to recognize not only who your direct competitors are but also how their strategies differ across various selling channels.

Retailers often adjust pricing strategies depending on whether they sell directly or on a marketplace. For example, a luxury skincare D2C brand might sell an anti-aging cream for \$120 on their website, highlighting the product's quality, exclusive formulation, and the prestige of purchasing directly, which includes perks like personalized service and premium packaging. On a marketplace like Amazon, however, the same product might be priced at \$100 to stay competitive and attract a broader, more price-sensitive audience. The brand understands that customers on marketplaces compare options side-by-side, so a lower price can be crucial. They might also offer slightly different packaging or exclude premium features to justify the price difference.

ACTION STEPS

Identify Broad Competitors

Use price positioning tools to track not just direct rivals but also emerging or indirect competitors, such as third-party sellers or private labels, to stay ahead of potential threats.

Analyze Trends with Predictive Insights

Regularly analyze pricing data and leverage predictive analytics to forecast competitor actions and market shifts, enabling proactive adjustments to your pricing strategy.

Monitor Prices Daily with Alerts

Set up a robust daily price tracking system with custom alerts for key competitors, marketplace sellers or products.

Evaluate Competitor Assortment Tactics

Assess how competitors bundle products, offer exclusives, or use variations to appeal to different segments.

Benchmark Against Competitors

Develop KPIs to measure your performance on key marketplace metrics like buy box ownership (on Amazon). Regularly assess and adjust your pricing strategy to ensure competitiveness across these dimensions.

Segmenting Your Products

Breaking Out Products by Segments

Product segmentation is critical for crafting a successful pricing strategy on marketplaces. By categorizing your products into distinct segments, you can more accurately identify key competitors, tailor your pricing strategy for each segment, and uncover opportunities for price adjustments.

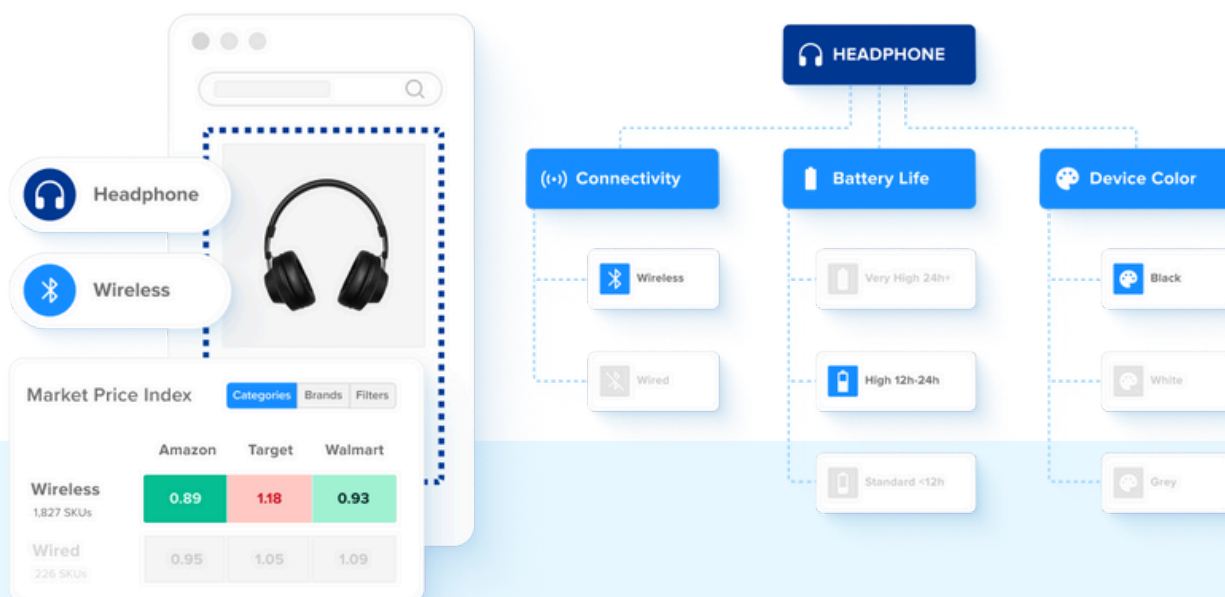
Benefits of Segmenting

- Targeted Pricing: Segmentation allows for more precise price adjustments, tailored to the performance of each category.
- Competitive Edge: It helps you identify opportunities within specific segments and react to competitive pressures more effectively.

To successfully implement segmented strategies, it's essential to have a price optimization vendor that supports easy segment management, minimizing the need for manual intervention.

Segmentation Examples

- By Brand and Category: Grouping products by brand and category, such as "Nike Running Shoes" or "Samsung 4K TVs," allows for brand- and product line-specific pricing strategies and facilitates easier comparisons with competitors.
- By Attributes: Categorize products by attributes like "Eco-friendly" or "Luxury." This helps target niche markets and enables you to set competitive prices that resonate with specific customer segments.
- Head-Core-Tail Approach: This method involves categorizing products based on their sales contribution and margin potential. "Head" products are typically high-volume, low-margin items; "Core" products are mid-range sellers; and "Tail" products can have higher margins but lower sales volumes.



Optimizing Prices with Detailed Inputs

Price Optimization

5,115 SKUs Total 232 SKUs Eligible for Price Increase 988 SKUs Eligible for Price Reduction

Product	Current Price	Cost	Current Margin	Price Strategy	Recommended Price	New Margin
Wireless Earbuds	\$50.00	\$30.00	40.00%	BuyBox Winner	\$45.00	33.00%
Headphone Hands-Free Calls	\$43.99	\$21.66	50.76%	MAP Enforced	\$37.56	42.33%
Bluetooth Earbuds	\$34.54	\$25.00	27.62%	Amazon Competitive	\$31.00	19.35%
Wireless Headphone	\$65.44	\$42.00	35.82%	Summer Discount	\$55.62	24.49%

To truly optimize your pricing, you need to go beyond simply tracking competitors. Incorporating detailed inputs such as product-specific costs, historical sales data, and possibly even customer ratings can significantly enhance your pricing strategy.

KEY INPUT: Product-Specific Cost Information

Understanding your product costs allows you to maintain healthy margins while staying competitive. For instance, if a product costs \$50 to produce and you sell it for \$100, you have a 50% margin. Use this data to inform price adjustments at scale. If you've segmented your products, as described in the step above, you'll be able to focus on attaining specific margins based on product category.

KEY INPUT: Historical Sales Data

Analyze past sales to forecast future trends. For example, if sales are down compared to last year, consider adjusting prices to stimulate demand. There are price management vendors, like Wisier, that enables ingestion of sales data to make acting on this type of intelligence easy and effective.

Imagine you're managing the pricing for a popular electronics accessory, such as wireless earbuds, on Amazon. As you approach October, you notice that sales for this product are down 15% compared to the same period last year.

Optimizing Prices with Historical Sales Data

Step 1: Assess Competitor Pricing

First, you analyze competitor prices using your price intelligence tool. You observe that several competitors have dropped their prices by 10% over the past few weeks. Your current price is now higher than the market average, which may be contributing to the decline in sales.

Step 2: Evaluate Your Margins

Next, you review your cost structure. The earbuds cost you \$30 per unit, and you're currently selling them for \$50, giving you a margin of 40%. Dropping your price to \$45 to match competitors would reduce your margin to 33%, but it could help regain sales volume.

Step 3: Factor in Historical Sales Data

You then look at historical sales data, noting that last October, when your price was competitive, sales were strong, with a 20% month-over-month growth. However, this year's pricing misalignment has likely contributed to the current downturn.

Step 4: Adjust Pricing Strategies

Considering all these factors, you decide to implement a tiered pricing strategy: (1) Drop the price to \$45 to match the market average and boost demand, aiming to recover lost sales. (2) Simultaneously, monitor the impact on margins and sales velocity over the next two weeks.

Step 5: Analyze and Optimize

After two weeks, you review the results. If sales volume has increased significantly, you maintain the new price. If the margin impact is too severe, consider a slight increase to \$47, balancing between competitive pricing and profitability. Additionally, monitor competitor actions and be ready to adjust further as needed.

The image shows a screenshot of an Amazon product page for headphones. The main product price is \$45.00. A 'Buybox Winner Strategy' overlay is visible, showing a 'Set Repricing Rules' configuration. The rule is set to 'IF' the 'Attribute: Category' is 'HEADPHONES', then 'Recommend price (match top competitor)' is 'below' the '1st top competitor by price' by '0.01\$'. The 'ELSE' condition is 'pass to next strategy'. A 'Drop Price by 10%' badge is also present. The product page shows a 4.5-star rating and an 'Add to Cart' button.

Drop Price by 10%

Buybox Winner Strategy [Live Preview](#)

1 Choose SKUs

2 Set Repricing Rules

IF Attribute: Category is HEADPHONES x

THEN Recommend price (match top competitor) below 1st top competitor by price by 0.01\$ +

Ignore competitors below the product's minimum price

+ ELSE IF

ELSE pass to next strategy

3 Configure bounds

4 Set up schedule

amazon

\$45.00

Add to Cart

\$45.57 Add to Cart

\$46.06 Add to Cart

During peak shopping periods, 75% of top Amazon sellers drop prices by 10-15% to remain competitive, especially as more customers flock to the platform for deals.

Implementing Agile Pricing Strategies

The Importance of Agile Pricing Mechanisms

Having visibility into pricing data is essential, but without the ability to act quickly on this data, your business cannot fully optimize its potential. Agile pricing strategies enable you to make real-time adjustments, ensuring your prices remain competitive and aligned with market conditions on a continual basis.

Choose a Flexible Price Optimization Vendor

- Selecting the right price optimization vendor is crucial to your success on marketplaces. Look for a vendor that handles the specific data attributes that are important to your business, such as product costs, competitor prices, or sales velocity.
- The vendor should offer robust analytics capabilities that not only track competitor prices but also provide actionable pricing recommendations in real-time.

Create Marketplace-Specific Rules

- Each marketplace has its own set of dynamics that can significantly influence your pricing strategy, such as winning the Buy Box on Amazon. Develop rules that account for the factors that influence Buy Box eligibility, such as pricing, shipping speed, and seller ratings.
- You might also set a rule to automatically lower your price by a percentage if a competitor undercuts you, as long as it doesn't push your margin below a certain threshold.
- Tailoring your rules to the specific requirements of each marketplace ensures that your pricing remains competitive while maximizing profits.

Enabling Real-Time Price Adjustments

Maximizing Efficiency Through Automation and Continuous Monitoring

On marketplaces, frequent price adjustments are essential to staying competitive. Automating these price changes allows you to make real-time updates, ensuring that your pricing strategy remains continuously optimized and responsive to market conditions. Continuous monitoring further enhances this by ensuring timely and accurate price adjustments.

Benefits of Automation and Continuous Monitoring:

- **Real-Time Adjustments:** Automated pricing systems empower you to make instant changes in response to real-time market conditions. Continuous monitoring ensures that these adjustments are always based on the most up-to-date information.
- **Increased Efficiency:** Automation reduces the need for manual price updates, freeing up your team to focus on strategic initiatives. Combined with continuous monitoring, it ensures your pricing operations are both efficient and highly responsive to market fluctuations.
- **Enhanced Competitiveness:** Staying ahead of the competition involves both timely price changes and strategic insights. Automated systems that are continuously fed with real-time data allow you to implement dynamic pricing rules that adapt swiftly to changes in the competitive landscape, helping you capture more market share while protecting margins.

To effectively implement this level of monitoring, partner with a price optimization provider that offers *seamless integrations with marketplaces*, enabling you to automate real-time price changes and continuously monitor market conditions to maintain your competitive advantage effortlessly.

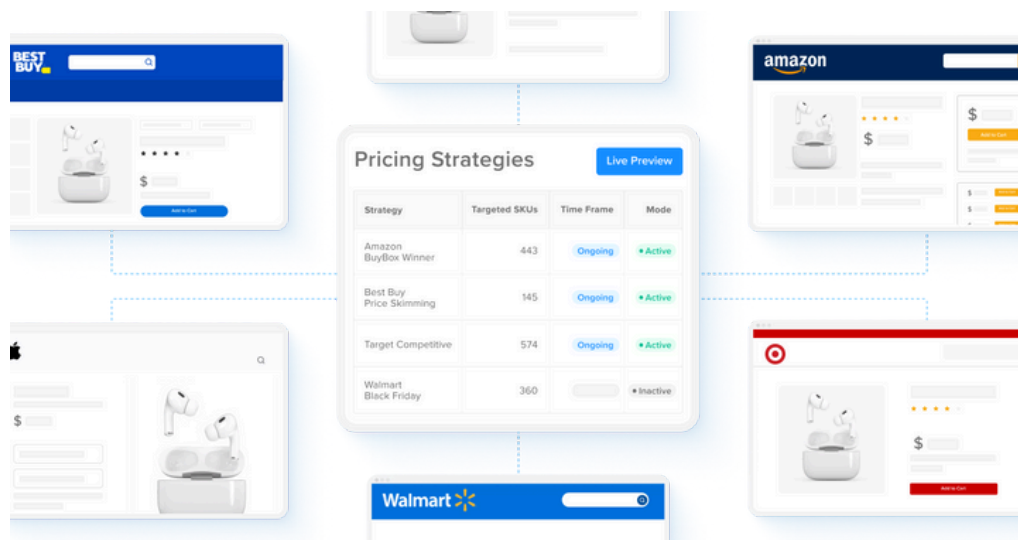
The image illustrates the integration of a pricing optimization tool with an Amazon marketplace. It features three main components:

- Real-time Price Change:** A notification bubble with a double-headed arrow icon and the text "Real-time Price Change".
- Buybox Winner Table:** A table with columns for Product, New Margin, and Recommended Price. The "Headphone Hands-free Calls" row is highlighted with a dashed blue border.
- Amazon Product Listing:** A screenshot of an Amazon search results page for headphones. The product listing for "Headphone Hands-free Calls" is highlighted with a dashed blue border, showing a price of \$37.56.

Product	New Margin	Recommended Price
Wireless Earbuds SKU-3647	33.00%	\$45.00
Headphone Hands-free Calls SKU-024	42.33%	\$37.56
Wireless Headphone SKU-4070	24.49%	\$55.62
Bluetooth Earbuds SKU-4932	19.35%	\$31.00

Extending Pricing Strategies Beyond Marketplaces

As you optimize your pricing on marketplaces, it's important to remember that your approach shouldn't stop there. To truly maximize your competitive edge, consider how these strategies can be extended to your direct sales channels, such as your own website and other platforms.



Reconsider Your Pricing Elsewhere

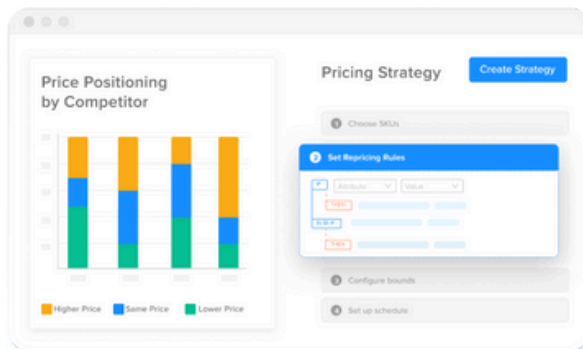
While optimizing prices on marketplaces is crucial, extending these strategies to your own site and other sales channels can significantly enhance your overall competitiveness. Online shoppers frequently compare prices across multiple platforms, so ensuring strategic alignment in your pricing across all channels can help you capture a broader customer base and drive additional sales.

For instance, if your marketplace pricing is highly competitive, yet your website prices are significantly higher, you risk losing shoppers who may prefer to purchase directly from you but are deterred by the price difference. On the other hand, aligning your pricing strategy across channels doesn't necessarily mean matching prices exactly; it could involve offering exclusive promotions or loyalty rewards on your own site to incentivize purchases there. Additionally, you can use your direct channel to offer premium versions of products or add value through enhanced customer service, giving shoppers a reason to buy directly from you even if prices are similar.

By carefully considering how your pricing strategies on marketplaces interact with those on your own site, you can create a cohesive pricing approach that maximizes your revenue potential across all sales channels.

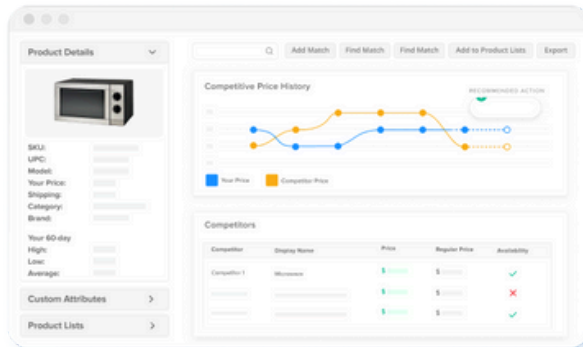
Concluding Thoughts

By following these steps, your organization can effectively optimize pricing strategies on marketplaces like Amazon and beyond, driving increased sales and maintaining a competitive edge. A robust system for monitoring, segmenting, and adjusting prices, combined with the agility to act on insights, will position your business for sustained success in the rapidly evolving ecommerce landscape.



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Wireless Headphone	\$65.44	\$42.00	35.82%	Summer Discount	\$55.82	21%



Strategy Priorization

Skip SKUs Without Cost

Catch SKUs Outside

Match Competitors

Keep Current Price

Head Core Tail Strategy

SKU	Your Price	Competitor Prices
150362	\$89.99	\$88.98 - \$204.00 (24)
38218	\$99.00	\$59.99 - \$204.00 (24)
39174	\$105.57	\$87.99 - \$204.00 (18)

Market Price Index Categories Brands Filters

	Amazon	Target	Walmart
Wireless 1,827 SKUs	0.89	1.18	0.93
Wired 226 SKUs	0.95	1.05	1.09

Live Preview

Product	Sales Velocity	Current Margin	New Margin	Recommended Price
Microwave SKU-1234	1.5	32.8%	49.1%	\$63.99

Sales Data +30%



About Wiser Solutions

Wiser offers brands and retailers a global and omnichannel approach to optimize the customer purchase journey. Our Commerce Execution Suite simplifies the collection of performance metrics and enables the execution of strategic initiatives to maximize sales in both digital and physical retail environments.

Wiser's unique advantage lies in our comprehensive, multichannel capabilities, enabling actionable insights on a global scale. This positions us as an essential partner for achieving seamless brand, shelf, and price execution, aligning with consumer needs to enhance profitability and reach sales targets efficiently.

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