

Omnichannel retailer RD Electronics sets optimal prices across five European markets

How Competera helps the retailer expand
and stay competitive across new markets
with high-quality competitive data

An effective automated pricing system
powered by competitive data

RDE

“... manager’s work was optimized and both the indicators for controlling prices in the market as well as the reaction to price changes improved.”



Bogdan Nesterenko

Head of Cross-border Projects at RDE



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| Client | An electronics omnichannel retailer with 30 brick-and-mortar stores in Latvia and five online stores across five countries in Northern Europe. |
| Geography | Strong presence in Latvia, Lithuania, Estonia, Finland, and Sweden. The retailer is on its way to target the UK and Poland in the near future. |
| Challenge | A decline in sales across new markets and channels due to a limited understanding of local pricing landscapes. |
| Solution | An automated pricing system fueled by timely and accurate competitive data regarding the prices of a pool of key competitors. |

Results



60% sales growth within two months; increased operational efficiency



Effective pricing and promotional strategies for every new market and channel



Fully automated advertising campaigns, including banners and special offers



More beneficial and balanced negotiations with vendors



Product managers switched from routine tasks to high-level decision-making

Challenge

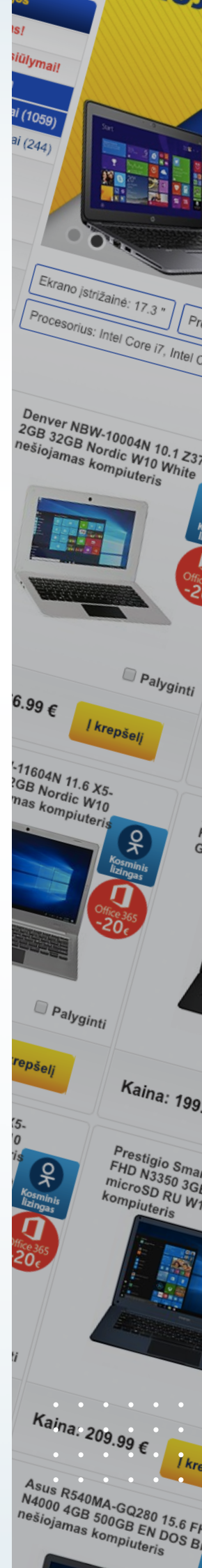
After operating in Latvia for almost twenty years, RD Electronics decided to expand to Lithuania, and then to Estonia, Finland, and Sweden, through several online stores in 2014. The retailer entered the first market offering the prices relevant to Latvia, only to discover that the Lithuanian market is different in terms of price perception. Although the website enjoyed some traffic, the conversion rate was low.

The business hired a dedicated manager to reprice 2,000 products manually every day. Sales went up. However, the situation changed as competitors started doing the same thing and pushed the retailer off the market. Additionally, the manager was not able to check prices and reprice products as often as necessary.

The company's management decided to build an in-house automated pricing system in cooperation with the internal IT department. The system was aimed to do two things: to collect data about prices of the pool of key competitors in the market and set new prices based on pre-set rules.

The first experience was not entirely successful. All the company's IP addresses were blocked on one of the biggest price comparison websites (PCW) in Lithuania, Latvia, and Estonia. As a result, the retailer not only lost the ability to collect data regarding prices, but to offer its own product portfolio on the website. On top of everything, PCW was one of the main selling channels of the retailer.

The company decided to cooperate with an external data provider and chose Competera.



Solution

Since 2014, RD Electronics has managed to build a strong presence across all the markets of operations. Starting 2015, the company has been analyzing the pricing landscapes of the countries with the help of Competera's competitive data. RD Electronics managed to stabilize and maintain prices for all the products in line with the market and managed to set optimal prices by utilizing an automated pricing system (a so-called "robot"). As a result, within the first two months of cooperating with the provider, the retailer's sales **grew by 60%** in its first European market.

With Competera's competitive data, the company has switched to fully machine-based data collection and automate the pricing process for an essential part of the assortment. The retailer is planning to scale the automated pricing solution to cover the whole assortment in the nearest future.

There were several criteria for selecting Competera:

- the adaptability and flexibility of the system
- the ability to quickly integrate with the retailer's internal ERP system
- the reporting system signalling major changes in the market and competitors' activity
- the data quality (over 95% accuracy)
- an agile delivery algorithm (data is delivered no earlier than two hours before daily repricing within 2-3 minutes).



Also, Competera's data is immediately available via API in the internal management system of the online store or is stored as an Excel file for further use.

One of the biggest challenges the company faced when integrating with Competera was to provide the contractor with the right parameters to find matches for the list of necessary products. It was extremely important to establish "ties" between the right products. For example, the iPhone sold by RE Electronics had to be matched with exactly the same model of the smartphone. Otherwise, the data would be distorted and the prices would be inaccurate.

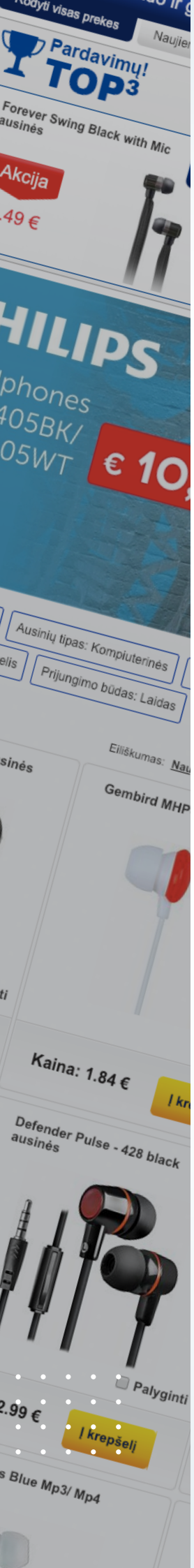
Another challenge was the fact that Product Managers would not trust the system at first. They would rather rely on their expertise when setting prices. However, once they saw the effectiveness of the system, they would be fully aboard.

"If your Product Managers say they would rather use their experience to set the prices, do not believe them. Human managers cannot work better than a machine. We have held a pilot project when we asked a Product Manager to craft prices. Two days later our prices were worse than those offered by competitors. At the same time, the manager would be able to check the feasibility of the prices no earlier than within the following to weeks. As a result, our prices were off the market for 14 days. That's why when adopting automated pricing solutions, it is important to dedicate time to train people, in addition to solving only technical issues."



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Effective negotiations with vendors about RRP

“During talks with manufacturers, we can justify our prices as they are set by the robot based on the data regarding our competitors. So, these prices are fully data-driven and reflect the overall situation on the market. As a result, we cannot be accused of setting too high or too low prices.”

“Customers do not care about the price if it is lower than 10 euros”

“We tried to sell USB memory sticks at the optimal price: the best price online plus 1 cent. We wanted to increase sales. However, none of the metrics rose, while our profit margin dropped. If a product costs less than 10 euros offline, customers do not consider its price the key factor when making purchases. Its availability then and there is the only thing that matters. Therefore, the idea of optimal prices online is to lead the customer to a physical store. Upselling is what allows generating revenue.”

Automated advertising campaigns for revenue-generating products

“We launched special offers for the products for which we had the best prices in the market without losing the profit margin. We didn't offer discounts, just showed that our prices were better than those of our competitors. The whole process was fully automated (and before we needed a human manager to manage the process, which was time-consuming and economically unfeasible).”

The automated campaigns entailed automated online banners, special offers and sell-outs.



Enhanced Product Managers

“The situation is changing. The performance of Product Managers will be measured not by the ability to set prices, but by successful negotiations with vendors, as well as the ability to effectively manage delivery, provide customer services, and increase operational efficiency. The automated pricing system allows for that as it sends notifications about significant price divergence of the retailer and helps to analyze if the manager was efficient when negotiating with manufacturers.”

“Robots (or automated systems) need to make 80% of routine decisions, while allowing Product Managers to switch to more intelligent and high-level tasks.”

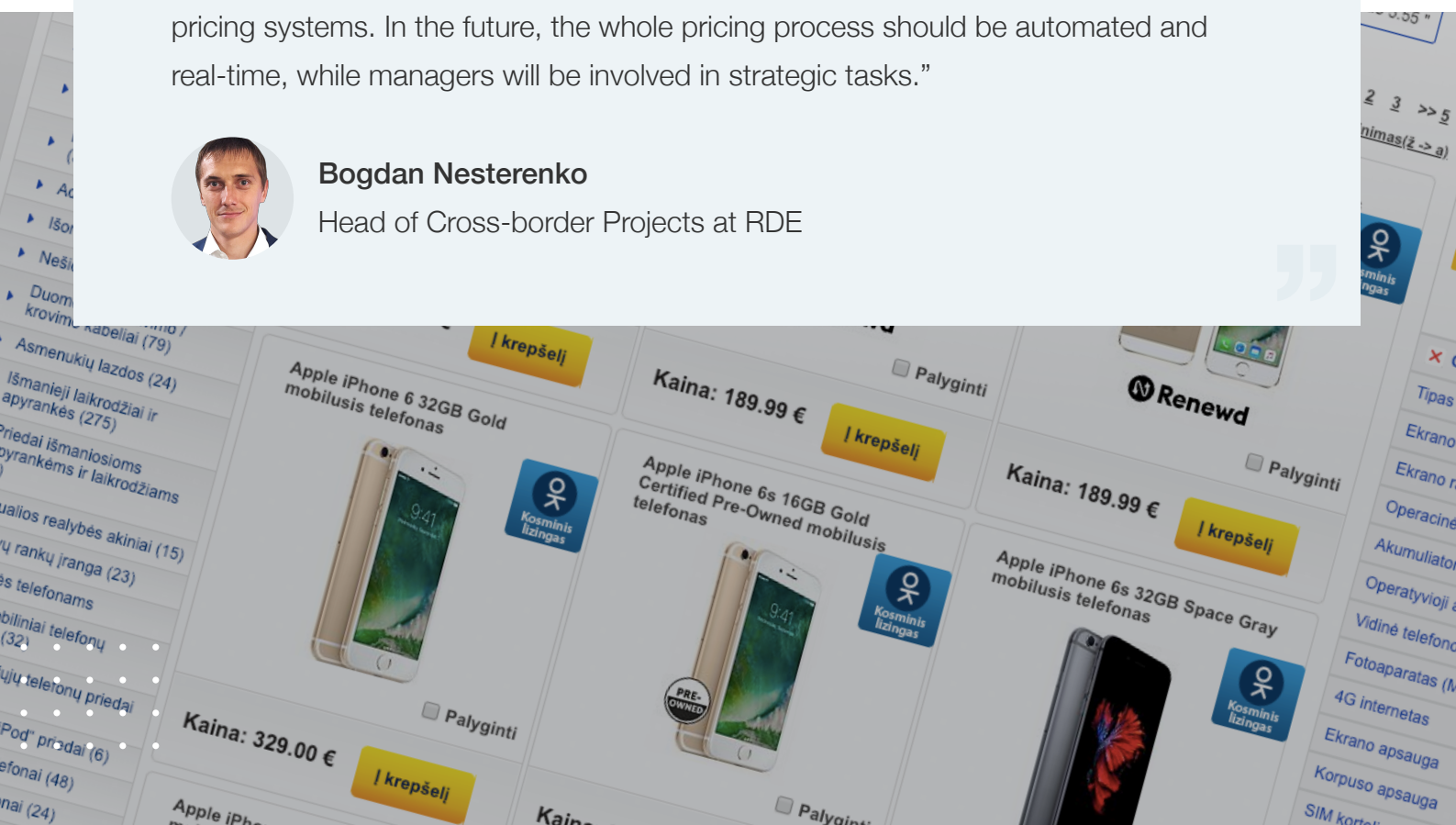


“The eCommerce market is heading towards efficiency: less manual tasks, more automated and optimized operations, which augment human expertise and enhance product managers. You cannot do without it. Robots (automated systems) have to calculate optimal prices. The only way to stay in the market is to use automated pricing systems. In the future, the whole pricing process should be automated and real-time, while managers will be involved in strategic tasks.”



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Head of Cross-border Projects at RDE



Right Prices.
For The Right Products.
Every Day

The family of products for online and
supercharge pricing with
scraping, 360° market
recommendations.

TRY OUT COMPETERA

About Competera

Competera is the industry standard for retail pricing. Competera helps companies increase revenue, stay competitive and grow while remaining profitable with the help of two products: Competitive Data and Price Optimization.

Competitive Data consists of premium, high-quality competitive product and price data for enterprise eCommerce companies. We collect data from thousands of websites and different markets using a dedicated and customizable crawling approach, multilevel quality verification algorithms, supported by a strong Service Level Agreement. We aim to make complex pricing decisions seamless and help retailers increase sales growth smoothly.

Price Optimization produces AI-driven price recommendations for retailers to convert demand predictions into revenue. Businesses set optimal prices and delegate the sales outcomes of pricing decision to the power of algorithms.





The Right Prices. For The Right Products. Every Day



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