



Dynamic Pricing Challenges in Consumer Electronics Retail

Navigating Dynamic Pricing Strategies in Retail

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Agenda

Exploring Challenges of Dynamic Pricing in Consumer Electronics Retail

#1

Introduction

An overview of the presentation's scope and objectives.

#2

Italian Market Overview

Insights into the current landscape of the consumer electronics retail market in Italy.

#3

Dynamic Pricing Explained

Understanding the concept and importance of dynamic pricing strategies in retail.

#4

Factors Influencing Pricing Strategy

Identifying the key factors that impact the formulation of pricing strategies.

#5

Understanding Consumer Behavior

Exploring how consumer behavior patterns influence pricing decisions in retail.

#6

Competitive Intelligence

The significance of gathering competitive insights for effective pricing strategies.

#7

Enabling Technologies and Skills

Dynamic pricing demands substantial investments in technology and human resources

#8

The Future of Retail Technology

The retail industry continues to evolve at a rapid pace

#9

Conclusion

In today's connected world, dynamic pricing is crucial for consumer electronics retailers to thrive.

#1

MARKET ANALYSIS

Introduction to Dynamic Pricing

Exploring Dynamic Pricing Strategies in the Italian Consumer
Electronics Market



DYNAMIC PRICING IN CONSUMER ELECTRONICS RETAIL

Introduction to Dynamic Pricing

Exploring Dynamic Pricing Strategies in the Italian Consumer Electronics Market

Increasing Popularity of Dynamic Pricing

Dynamic pricing is a growing trend, particularly in the consumer electronics sector, aimed at optimizing profitability and staying competitive.

Real-time Adaptation for Profitability and Market share

The ability to adjust prices in real-time has become essential for maximizing profits and maintaining a strong market position.

Analyzing Italian Consumer Electronics Market

This presentation delves into the Italian consumer electronics market to evaluate pricing strategies centered on dynamic pricing.

Skills and Technologies for Effective Implementation

We will also discuss the skills and technologies needed to successfully implement dynamic pricing strategies in this market.

#2

MARKET ANALYSIS

Italian Consumer Electronics Market Overview

Insights into the Trends and Challenges



Market Characteristics

Key Competitors in Consumer Electronics Retail

Pure Players: Unieuro, Euronics

Retailers specializing solely in consumer electronics, offering a wide range of products and services.

Generalists and Marketplaces: Amazon

Major online platform providing a diverse selection of consumer electronics alongside other product categories.

Specialists: Photography- focused stores

Stores focusing on photography equipment and accessories, catering to niche consumer needs.

Telecom Operators: Device offerings bundled with phone services

Telecom companies offering consumer electronics devices as part of their service packages.

GDO retailer Auchan, PAM, etc.

Retailers offering extensive consumer electronics selections alongside various other products, providing a complete shopping experience.

Omnichannel Approach

Adapting to the Evolution of Consumer Electronics
Retail

Market Evolution

The Italian market is still evolving towards an omnichannel approach, with retailers recognizing the importance of having both a strong online and offline presence to meet changing consumer preferences



Market segmentation

The challenge for retailers is strategically define omnichannel strategies segmenting the market.
This is essential because consumer behavior, needs and spending willingness varies significantly across different areas.



Online share

In Italy, approximately 30% of consumer electronics turnover is generated through online channels, while 70% still occurs offline in traditional brick-and-mortar stores



User Experience Innovation

The key challenge lies in innovating user experiences seamlessly across all touchpoints for consumers.

#3

DYNAMIC PRICING CHALLENGES

Dynamic Pricing Explained

Challenges of Dynamic Pricing in Consumer Electronics Retail at
MediaWorld

DYNAMIC PRICING OVERVIEW

What is Dynamic Pricing?

Optimizing Product Pricing in Real-Time

Adapting Pricing Dynamically

Adjusting product prices in real-time or at predetermined intervals to align with market demand and competition.

Strategic Business Goal

Objective is to enhance business outcomes (Turnover/Profit/Market share) by responding effectively to the evolving market dynamics.

Example of Dynamic Pricing

Raising smartphone prices during peak demand periods such as holidays and lowering them during sales slumps.

Approaches to Dynamic Pricing

Optimizing Pricing Strategies in Consumer Electronics Retail

Rule-based Approach

- Incorporates predefined rules into pricing decisions.
- Example: Automatically reduce price by 20% if demand falls below a threshold.
- Simple to implement.

Algorithm Approach

- Utilizes advanced statistical models and AI to determine optimal prices.
- Utilize factors such as demand elasticity and competitor pricing.
- More complex but often more profitable in the long run.

#4

RETAIL PRICING FACTORS

Factors Influencing Pricing Strategy

General Principles of Pricing

Specific Factors Influencing Pricing



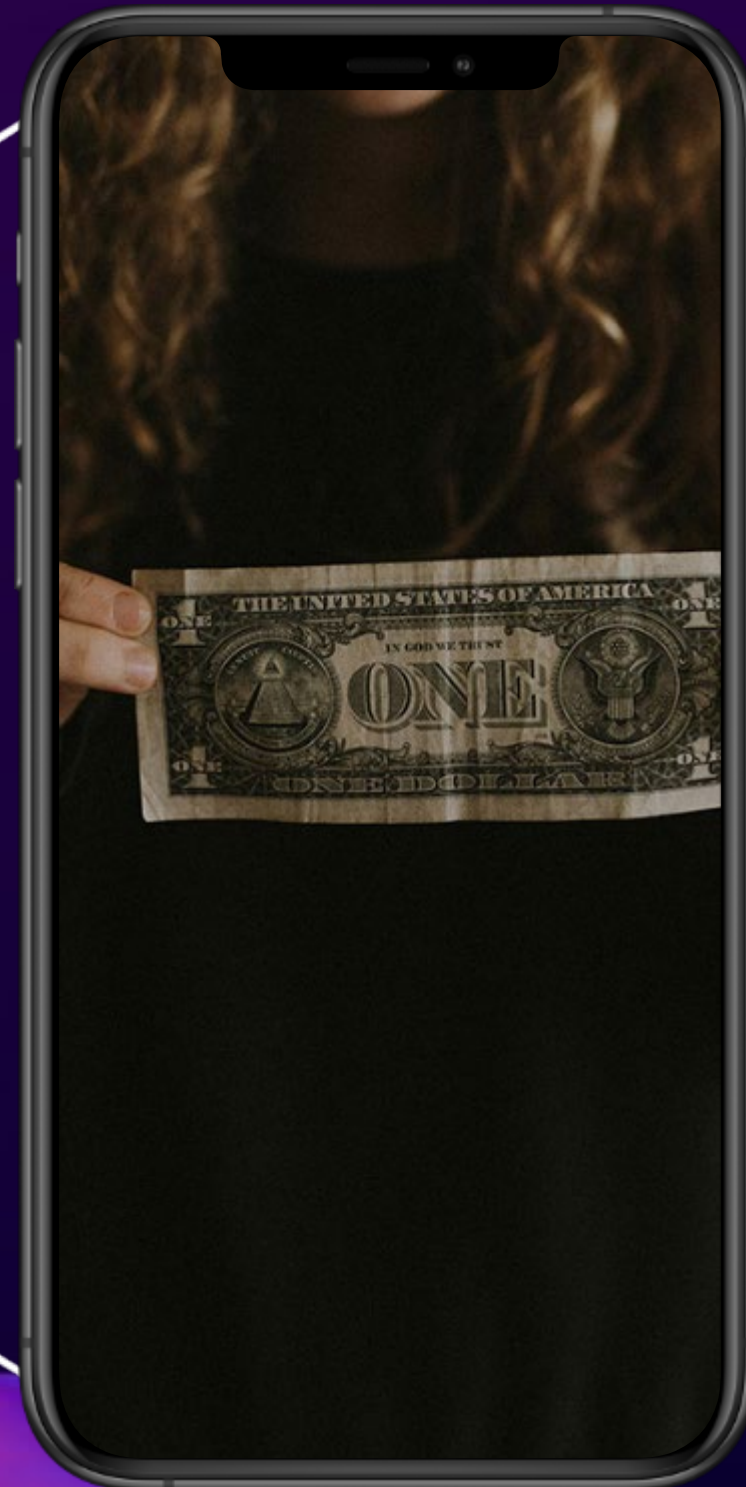
General Principles of Pricing

Strategies to Achieve Optimal Pricing in Retail

Balance Customer Satisfaction

The goal is to find the right balance between customer satisfaction, with consumers seeking to maximize the value obtained, and achieving business objectives in terms of revenue, profit, and market share.

Maintain equilibrium between meeting customer needs and achieving business goals to ensure long-term success.



Segmentation for Customization

To effectively navigate this challenge, it is essential for retailers to segment customers and products based on relevant criteria, and clearly define the objectives for each segment.



Specific Factors Influencing Pricing

The specific factors impacting pricing decisions in consumer electronics retail are numerous and can be broadly categorized into exogenous and endogenous factors

Exogenous



Consumer Behavior Impact

Examining consumer price sensitivity, demand fluctuations, and purchasing habits.



Competitive Landscape Assessment

Analyzing competitor pricing strategies, product availability, and promotional efforts.



Producer Dynamics Examination

Understanding producer bargaining power, pricing policies, and product life cycle stages.



Product-Related Influences

Reviewing product availability, market trends, and impact of different life cycle stages.



Internal Operational Factors

- Structural costs, operational efficiencies
- Technical capabilities: pricing tools and data analytics infrastructure
- Scientific skills

A person's hands are holding a smartphone horizontally. The phone's screen is dark and serves as a background for the text. The background of the entire image is a blurred, warm-toned scene, possibly of flowers or foliage.

CONSUMER BEHAVIOR ANALYSIS

Understanding Consumer Behavior

Insights into Consumer Preferences and Decision-making

C O N S U M E R B E H A V I O R

Factors Influencing Consumer Behavior

The price a consumer is willing to pay for a consumer electronics product is largely dependent on the perceived "value" they attribute to the item, which is influenced by a range of economic and non-economic factors

#1 Economic Factors

Factors such as the intended use of the product (work or leisure) and the priority of the purchase relative to other spending influence consumer behavior.

#2 Non-Economic Factors

- Additional services like warranties, technical support, and the overall shopping experience play a crucial role in shaping consumer decisions.
- Shopping experience: the emotional and cognitive aspects of the purchasing process
- Cognitive biases: psychological influences on purchasing decisions, such as scarcity bias (desiring what is scarce), error bias (wanting the ability to change one's mind), anchoring to psychological prices (e.g., €0.99 vs. €1.00), and the bandwagon effect (following positive reviews and social proof).
- The choice between online and offline purchasing, along with geographic variations, significantly impacts consumer behavior and decision-making.
- Time-related factors: seasonality, time of month (e.g., payday), and time of day

Collecting and analyzing data on these various factors is essential for retailers to effectively segment customers and products, and develop targeted pricing strategies based on key dimensions such as price sensitivity and product relevance for different customer segments, in alignment with overarching business objectives.

#6

COMPETITIVE STRATEGIES

Competitive Intelligence

Strategies for Success in Consumer Electronics Retail Sector



Monitoring Competitors

To develop winning competitive strategies in the consumer electronics retail market, it is imperative for retailers to continuously monitor their competitors' positioning across all components of "value"

Continuous Monitoring

Constantly track competitor positioning across value components.



Online Space Monitoring

Utilize web crawling & data scraping to monitor competitor prices online.



Holistic Competitive Landscape View

Importance of gaining a comprehensive understanding data on competitors' positioning across various sales channels and touchpoints



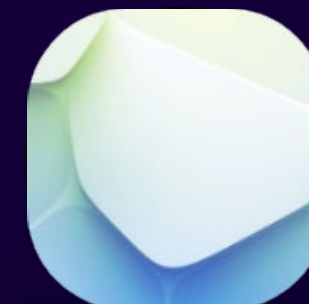
Economic & Non-Economic Values

Analyze economic (price) & non-economic aspects such as services, availability, promotions, and customer feedback.



Offline Data Collection Challenges

Data collection still faces limitations that can impact a retailer's ability to implement truly omnichannel dynamic pricing strategies that are responsive to competitor moves in real-time.



#7

TECHNOLOGY AND SKILLS

Enabling Technologies and Skills

Pricing is a fundamental strategic lever in the retail industry, and effectively implementing dynamic pricing requires significant investments in both technology and human capital



RETAIL INNOVATION TOOLS

Technological Enablers

Empowering Retail Innovation in Consumer Electronics

Electronic Shelf Labels (ESLs)

Enable real-time price adjustments and synchronization, enhancing pricing agility and customer experience.

Price Optimization Software

Leverage advanced analytics tools, incorporating machine learning algorithms for dynamic pricing strategies and revenue optimization.

Competitor Price Monitoring Tools

Automate the tracking and analysis of competitor prices, providing insights for competitive pricing strategies and market positioning.



S K I L L S D E V E L O P M E N T

Investing in Skills

Enhancing Competencies for Dynamic Pricing Strategies

Q **Train and empower resources**

A Implement training programs to enhance skills of employees involved in price management.

Q **Foster a cultural shift**

A Cultivate a culture that promotes data-driven and dynamic pricing approaches within the organization.

Q **Invest in pricing talent**

A Recruit experts in pricing strategy, data science, and algorithm development to support dynamic pricing initiatives.

Q **Provide continuous training and support**

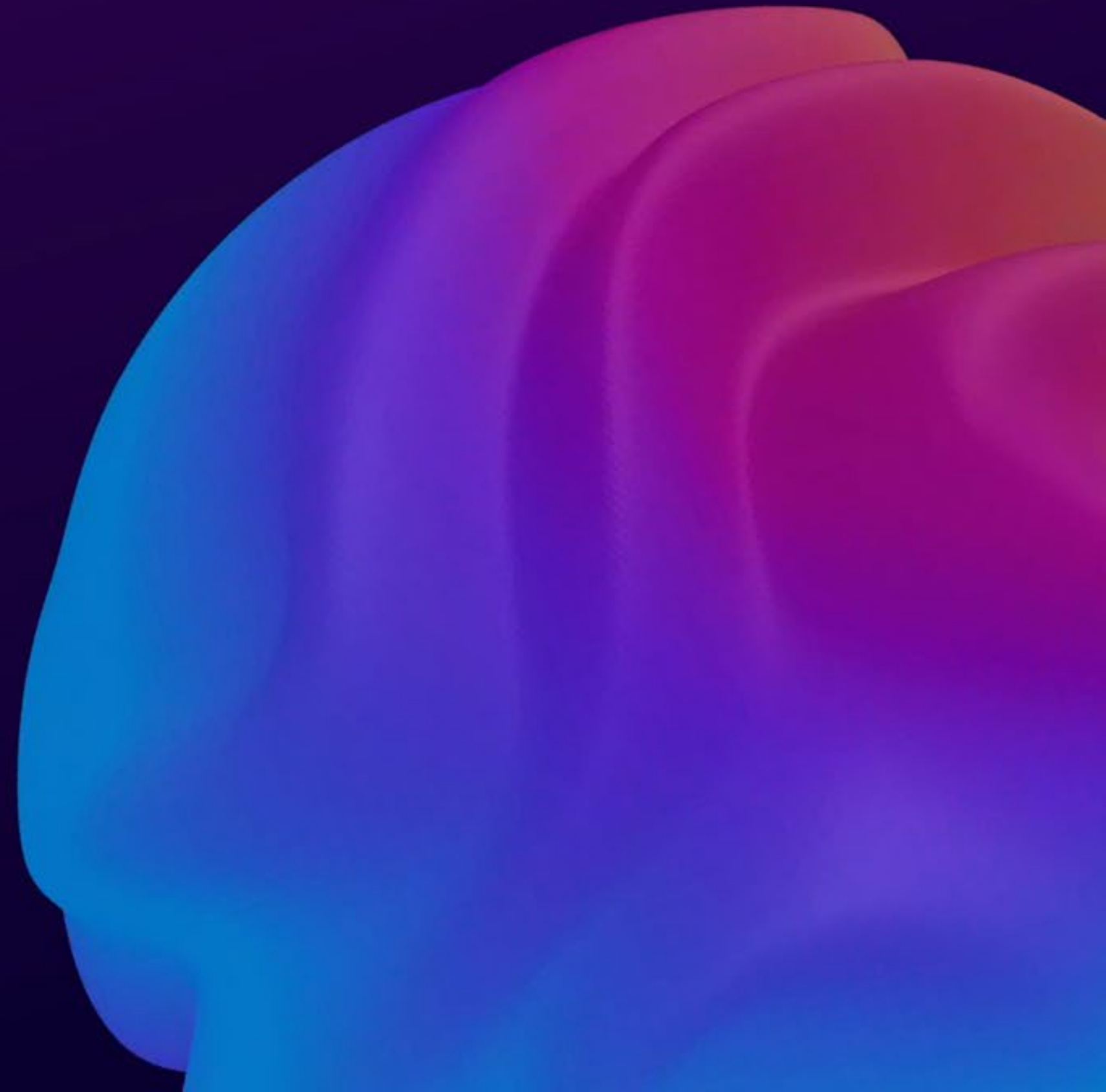
A Offer ongoing learning opportunities and support for existing teams to stay updated on pricing strategies and technologies.

#8

DYNAMIC PRICING STRATEGIES

The Future of Retail Technology

Embracing Dynamic Pricing in Consumer Electronics Retail



I N N O V A T I O N

Emerging Technological Trends

As the retail sector rapidly evolves, embracing technological advancements is increasingly vital for staying competitive.

Looking ahead, several key technological trends are poised to revolutionize the retail landscape and enable even more sophisticated and effective dynamic pricing strategies.



Artificial Intelligence and Machine Learning

#1

AI-powered algorithms will play an increasingly central role in real-time price optimization, allowing retailers to process vast amounts of data and make intelligent pricing decisions that maximize business results while maintaining high levels of customer satisfaction.

Internet of Things (IoT)

#2

The proliferation of connected devices and sensors in the retail environment will enable the collection of even more granular data on customer behavior and product interactions, providing valuable inputs for dynamic pricing models.

Augmented Reality and Virtual Reality

#3

Immersive technologies will transform the shopping experience, both online and in-store, allowing customers to virtually try out products and providing retailers with new opportunities to gather data and personalize pricing .

#9

DYNAMIC PRICING STRATEGIES

Conclusion

Embracing Dynamic Pricing in Consumer Electronics Retail



Necessity of Dynamic Pricing

In today's fast-paced, connected world, dynamic pricing is essential for consumer electronics retailers to remain competitive.

Key Challenges

Retailers must capitalize on rapid technological advancements and evolving consumer behaviors, while managing the complexities of dynamic pricing strategies.

Strategic Investments

Success requires investing in the right technologies, tools, and talent to support data-driven, real-time pricing decisions.

Culture of Innovation

Retailers should foster continuous innovation and experimentation, staying informed about the latest dynamic pricing trends and best practices.

Balanced Approach

The most successful retailers will balance the art and science of pricing—utilizing advanced analytics and maintaining a deep understanding of customer needs to deliver exceptional value and experiences.



Thanks