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Pricing for Marketplaces: The Definitive Guide

How to Build a Competitive Pricing Strategy on Amazon, eBay, Jet, Walmart and More

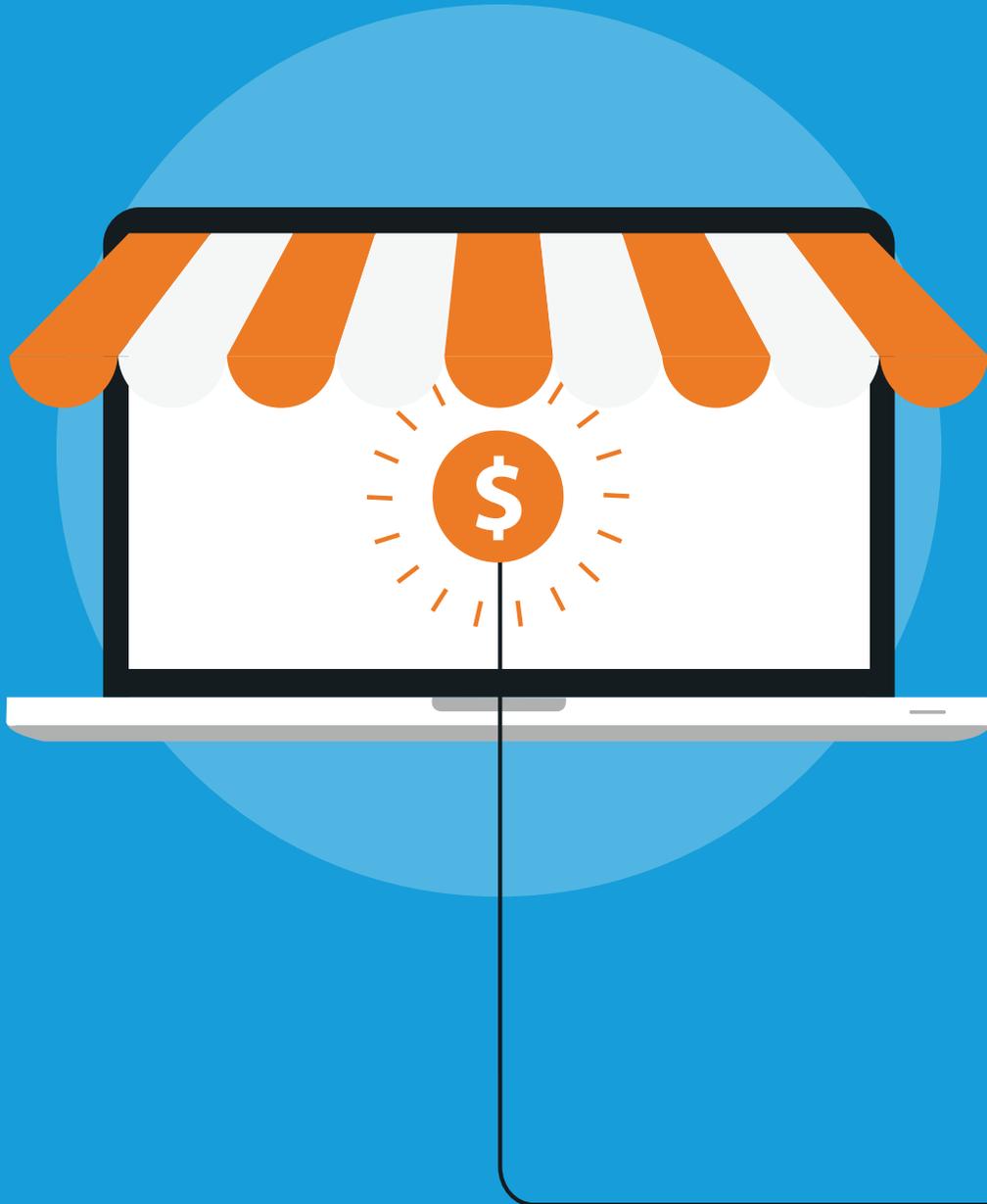


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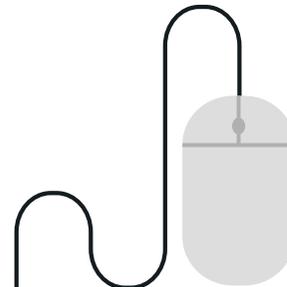
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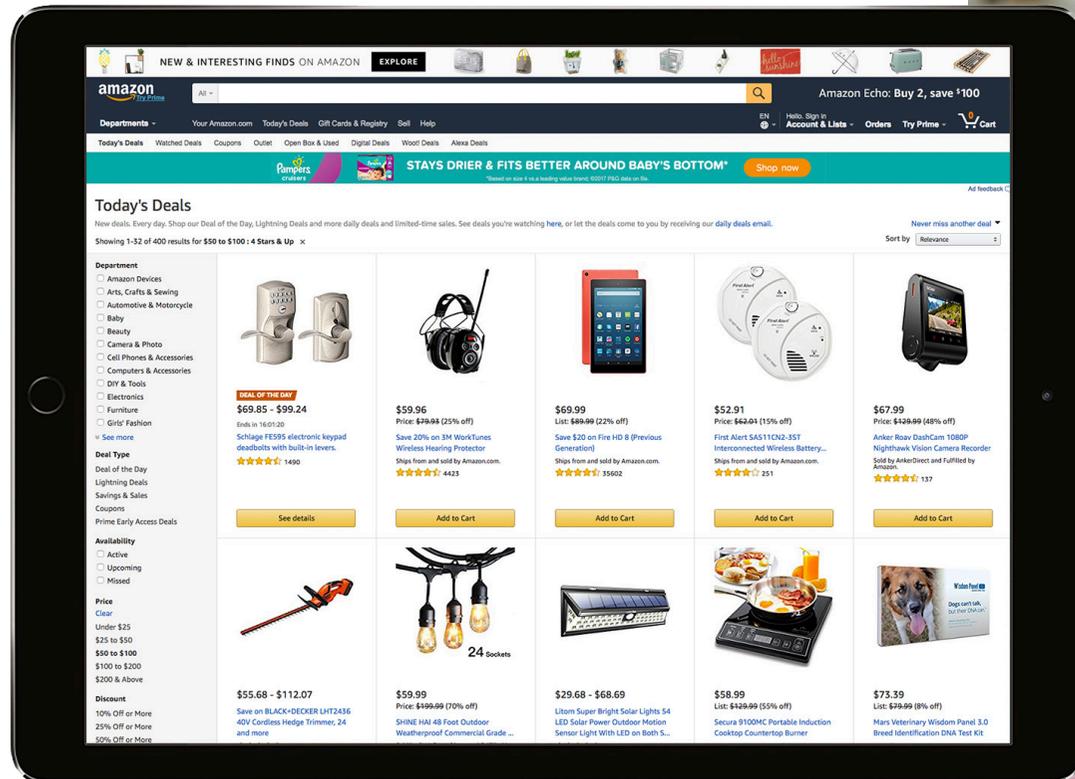
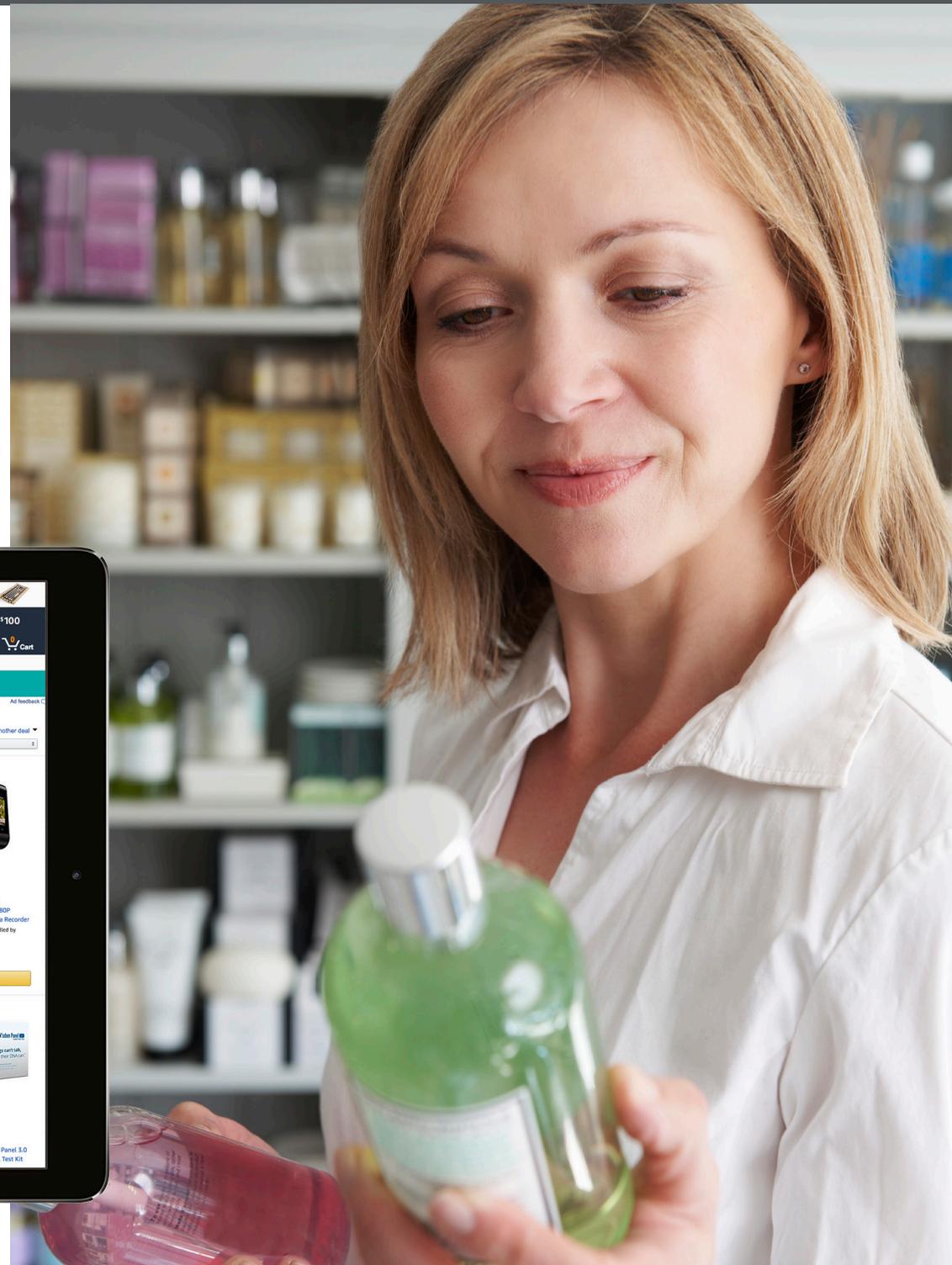


Introduction

With millions of sellers and billions of products to compete with on Amazon alone, it can be easy to get buried in data daily — and still feel behind. This is especially true when it comes to pricing on marketplaces, where more sellers than ever are competing across more product categories.

As shoppers become attuned to having so many options for purchasing the same item at different prices, it's no longer your product descriptions and images alone that capture attention. Often, pricing is what matters most.

If you want to consistently rise to the top of results, having a structured pricing strategy is a must.



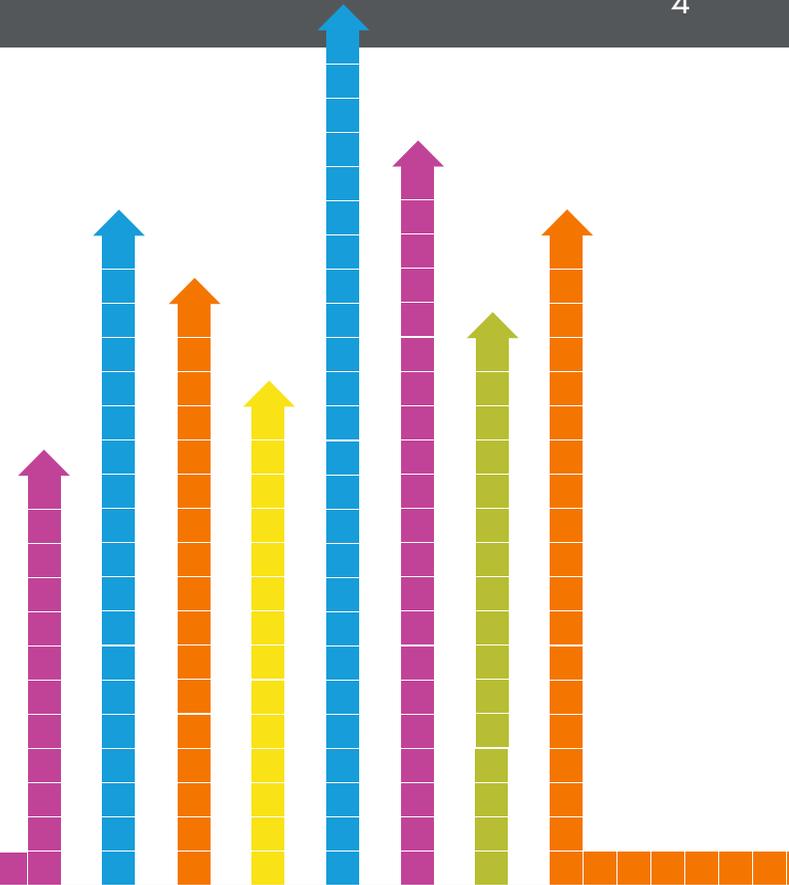
Chapter 1: Complications of Marketplace Pricing

Ah, the price of a product. It's an issue that confounds many a retailer and brand, and it's easy to understand why. Set your pricing thresholds too high, and you'll be quickly outpriced. Dip too low, and you risk losing out on a mountain of revenue potential.

When it comes to pricing on marketplaces, there's no such thing as a simple calculation. Virtually every product you price will involve a complex equation with numerous variables, including how much stock you have, the brand image you want to uphold and the prices your competitors are using.

And then, once you have all of that figured out, there are often two more big issues to factor in depending on the marketplace:

1. **PRICE PARITY**
2. **MINIMUM ADVERTISED PRICE (MAP) POLICIES**



1

Price Parity

For many sellers, the total price offered on Amazon — including the item price, shipping and discounts — must be at or below the lowest total price offered on any other online sales channel. In these instances, you can't list items at a higher price on Amazon than elsewhere on the web.

This is called price parity, and the potential implications are huge. Amazon is guaranteeing that its sellers present their best offers to Amazon shoppers, which in turn gives buyers a compelling reason to make Amazon their purchasing destination of choice.

Amazon's not the only marketplace where it pays to stay attentive to price dips. On Walmart.com, a product can be automatically unpublished after it's discovered to be listed elsewhere at a lower price — regardless of who's selling it or what platform they're using.

While Amazon withdrew its price parity policy in Europe and the U.K. in 2013, it's still alive and well in the U.S. and many other countries. Some revised agreements, such as ones for sellers on Amazon's professional selling plans, may even have special price parity clauses.

2 Minimum Advertised Price (MAP) Policies

One increasingly common practice for brands is the minimum advertised price (MAP) policy. In exchange for complying with a brand's minimum threshold for advertising a product, retailers might get perks such as preferential treatment when new products are released. If a seller advertises below the MAP, the manufacturer can take action against that retailer.

These policies are highly important since they both help keep prices competitive across marketplaces and prevent erosion of a product's perceived value.

However, MAP policies can be very challenging to follow and enforce. One study by KelloggInsight found that 20% of retailers always abide by MAP policies, while nearly 40% never do. Not surprisingly, non-compliance was highest among unauthorised retailers at 53%, while just 15% of authorised retailers violate MAP policies.

Bottom line: Pricing on marketplaces must be continually monitored to remain both compliant and competitive.





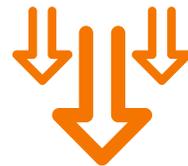
Chapter 2: The Benefits of Strategic Pricing

When it comes to the saleability of a product, pricing is everything. Getting it “just right” can unlock a mountain of revenue potential. Marketplace pricing becomes paramount when you want to:



WIN TOP SPOTS

On marketplaces like Amazon, Walmart, eBay and Jet, most sales are happening in the Buy Box, Best Offer and above-the-fold positions. Beating out tens of millions of sellers and listings to win those top spots requires a structured pricing strategy that makes it easy to continually monitor the competition and adjust prices accordingly.



PREVENT PRODUCT EROSION

Regardless of where MAP violations originate, a single dip in price can cause a ripple effect if it's not caught quickly. A pricing strategy that alerts you to these violations as they occur will give you ample time to respond — well before you begin to see multiple resellers listing your products at lower-than-advised prices across multiple marketplaces.



REMAIN IN GOOD STANDING

Failing to remain compliant with marketplace agreements can turn price parity into price disparity, with unintended violations resulting in account suspension and even withholding of funds. A solid pricing strategy can help prevent these and related problems, and keep your seller rating high.



MAXIMISE PROMOTIONS

A robust pricing strategy will ensure you stay ahead of seasonal and marketplace-specific opportunities to get your products in front of purchase-ready consumers as they flock to their favorite online shopping destinations for well-known deals and promotions.

Chapter 3: Pricing Best Practices

The days of simply listing a product on marketplaces are long gone. There's now Buy Box and Best Offer competition to account for, pricing policies to monitor, deals to leverage and more. To build a structured pricing strategy that keeps you ahead of marketplace trends, follow these six best practices.

✓ Best Practice #1: Monitor Competition Constantly

Today's marketplaces are designed to empower online shoppers. Searching for a single product can yield a dozen or more results, and if your listing doesn't rise to the top it's unlikely to be seen — let alone clicked.

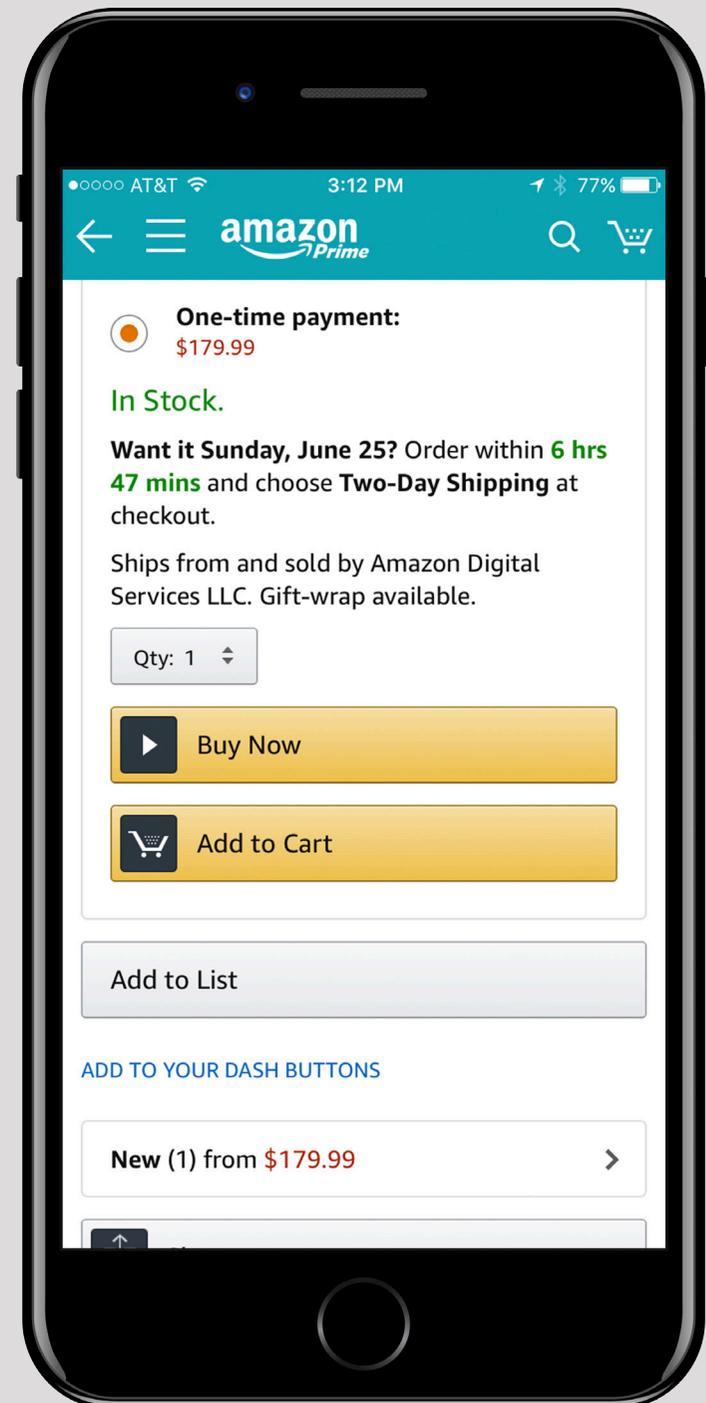
To get pricing right, you'll need to know your competitors, their pricing and how it changes.

Successful brands and retailers understand that staying ahead of pricing trends requires competitive data analytics that are easy to grasp at a glance. For this reason, visualisation dashboards and benchmarking tools are key. Select analytics tools that provide deep insight into how your pricing stacks up to the competition in straightforward, uncomplicated reports — day after day and hour after crucial hour.

✓ Best Practice #2: Regularly Audit Agreements

The best way to avoid price disparity on marketplaces like Amazon and Walmart? Pay attention to the details. Take some time to pull out the agreements you've signed with each marketplace and locate the sections related to pricing and price parity.

It can be easy to overlook some requirements, so it's important to audit your pricing strategy for anything that might get you in trouble with your terms of agreement. Just making staff aware of the requirements in your specific agreement can go a long way in ensuring compliance and preventing account suspensions.



✓ Best Practice #3: Centralise Marketplace Management

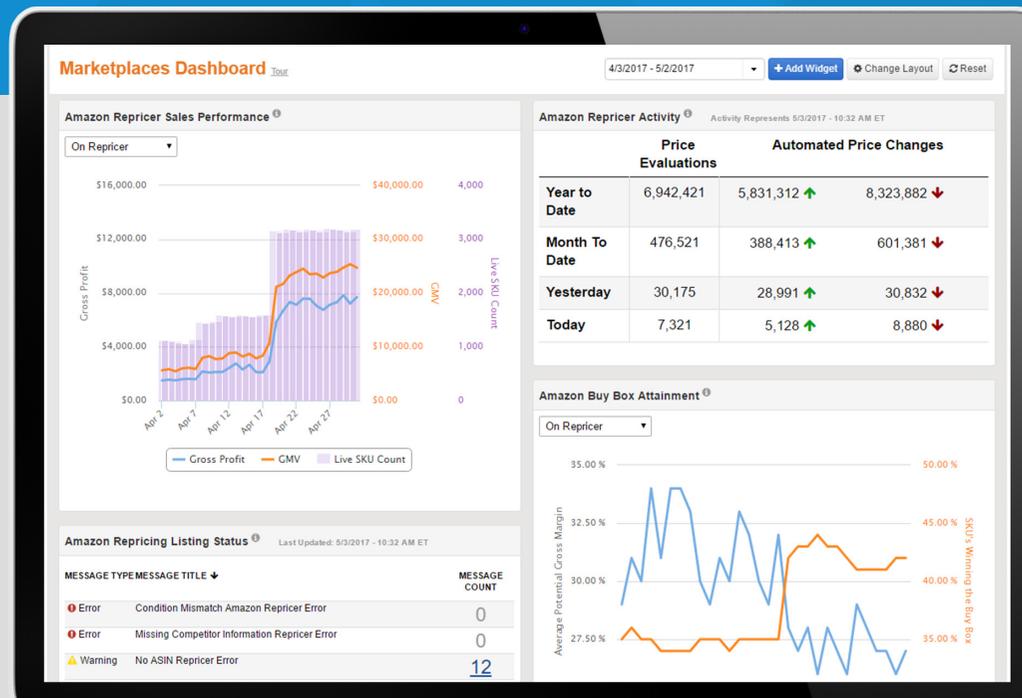
Whether you log into multiple accounts or rely solely on individual marketplace interfaces, managing marketplaces in silos makes it incredibly challenging to streamline your pricing strategy. The lack of a centralised view can lead to gaps in data, inconsistencies in pricing and delays in diagnosis.

How will you know when your Amazon price becomes higher than what you have listed at eBay or Jet? What will happen when your MAP policy is being violated on not just one but five marketplaces? Consolidating multichannel efforts into a single, streamlined platform can prevent small issues from becoming big problems.

✓ Best Practice #4: Automate Repricing

Most purchases take place in the Buy Box, Best Offer and above-the-fold positions with numerous sellers competing for those coveted spots. Monitoring competitor prices manually would be incredibly difficult on one platform, and downright impossible across multiple marketplaces.

The good news is that advanced automated repricing technology — be it rule-based or algorithmic — will do all of the work for you to ensure consistent results. Whether you want to adjust pricing based on the competition or guarantee more Buy Box wins without sacrificing revenue, repricing tools are a must for any major marketplace. You simply set your minimum and maximum prices for each SKU and let the repricer get to work.



✓ Best Practice #5: Leverage Deals and Promotions

Most marketplaces have their own versions of deals you can use to get products in front of more buyers. Depending on the platform, you might see opportunities to take part in free shipping promotions, order discounts, BOGO deals, giveaways, discount codes, sales events and more.

Generally speaking, it's always a good idea to participate in marketplace promotions. For marketplaces that don't offer these opportunities, you can offer discounted pricing on your own by modifying your sales price from time to time. And when a MAP policy prevents you from coming down on price, be sure to offer free shipping.

✓ Best Practice #6: Prioritise MAP Policies

It may be tempting to place MAP policies on the backburner, but successful sellers know how important compliance with these agreements can be. For items that are sold by an array of retailers across multiple marketplaces, product intelligence tools can make it exponentially easier to monitor pricing across channels.



Master Your Marketplace Presence with **channeladvisor**



With over 16 years of experience and more than 2,900 customers, ChannelAdvisor can keep you ahead of the latest marketplace trends and ensure you're maximising every opportunity. We make it easy to connect with customers, optimise operations and grow sales channels.



MARKETPLACE BENCHMARKING

Leverage \$8.1 billion in GMV data to see how your pricing compares to the competition.



COMPETITIVE ENVIRONMENT

Dashboard for Amazon
Understand where you're losing market share and identify new opportunities for growth.



ALGORITHMIC REPRICING

Capture more coveted top-selling positions on Amazon, Walmart, eBay and Jet.



PRODUCT INTELLIGENCE

Keep a close eye on gaps in product pricing, availability and more.

SEE IT IN ACTION >

Conclusion

With more sellers and consumers flocking to marketplaces every day, competition has never been tougher. Between optimising listings, managing errors and fulfilling orders, there's little time left to scrutinise pricing on hundreds or thousands of SKUs. But with a little preparation and a lot of automation, building a competitive pricing strategy for each marketplace can be a hassle-free process that ultimately gets you more clicks and purchases than ever.

Connect and optimise the world's commerce

ChannelAdvisor is a leading provider of cloud-based e-commerce solutions that enable retailers and branded manufacturers to integrate, manage and optimise their merchandise sales across hundreds of online channels including Amazon, Google, eBay, Walmart, Facebook and more.



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