

Retailers must get pricing right first time as shoppers let down by sales

81% of shoppers find sales disappointing.

London, Blue Yonder 3rd July 2017 – Research by Blue Yonder, the leading provider of artificial intelligence solutions for retail, has revealed that while shoppers are incentivized by discounts to make a purchase and are willing to postpone purchases to get the best prices, over half (51%) of international shoppers are disappointed when they feel a product isn't discounted enough.

Customers today are becoming more strategic and clear on just how much they are prepared to pay for an item thanks to increased price visibility, discount days such as Black Friday, and extended promotions. Retailers are therefore under pressure to balance discount offers to meet customer expectations and maintain a profit margin. If a product is not discounted enough, retailers risk leaving customers dissatisfied and turning to competitors instead.

The research of 4,000 consumers, conducted in the UK, US, France and Germany, found that:

- 79% of international shoppers are unhappy when the item they want in the sale has sold out or only fringe sizes are available.
- 28% in the UK are disappointed if sizes aren't available in the sale – this rises to 38% globally. UK women are also more disappointed than men (35% vs 21%).
- 51% of UK shoppers are disappointed if the color they want is not available in a sale.
- 40% of UK women are very disappointed if the item they want in a sale is sold out vs 22% of men. 25-34 year olds are also the most disappointed on these occasions (43%).

This shows that retailers need granular data to understand their customers, how much they want to spend, what they would prefer to spend their money on and when.

"If retailers initially offered the right product at the right price, consumers would be more likely to make purchases at full price to avoid missing out on the latest fashion must-have in the size and color of their choice. The offer must be compelling enough to encourage consumers to change the way they shop and not wait for the sales," says Matt Hopkins, Vice-President of Retail Strategy Development at Blue Yonder.

Furthermore, retailers are facing an age of savvy shoppers, where consumers seek out the best prices possible rather than remaining loyal to a brand or making impulse purchases. 70% of online shoppers spend five hours a month researching the best deals in order to get the best price.

22% of UK women spend 1-3 hours looking for the best prices for fashion items on the high street versus 18% of men. Overall, 85% of consumers spend time comparing prices to find the best discounts either online, on the high street or in catalogues. Now accustomed to researching across sales channels and platforms, this highlights the role of pricing in securing conversions.

“Customer expectations are forcing retailers to embrace and implement new technologies to be able to satisfy demands. Price visibility has increased, leaving few places to hide when it comes to offering the best prices possible to customers for fashion items. Retailers need to utilize these technology innovations to their advantage so they are able to optimize pricing to ensure the customer pays the best price possible daily, whilst balancing it against their own business goals,” adds Hopkins.

To find out more about the importance of price optimization for retailers, download the full report here: <https://www.blue-yonder.com/en/fashions-new-rules-for-pricing>.

The research was conducted by Censuswide, with 4,000 consumers surveyed in the US, UK, Germany and France in March 2017. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

About Blue Yonder

Blue Yonder is the leading provider of artificial intelligence and machine learning solutions for retail. Every day, we deliver 600 million decisions to our customers that boost revenues, increase margins and enable rapid responses to changing market dynamics.

Our demand-based predictive merchandising, automated replenishment and price optimization solutions are driven by sophisticated machine learning algorithms, developed by one of the largest teams of PhD-level data scientists in retail.

Founded in 2008 in Karlsruhe, Germany, by former CERN scientist Professor Michael Feindt, Blue Yonder now operates in both Europe and the United States. Blue Yonder works with renowned retail brands such as Morrisons, OTTO, Kaufland and dm.

Blue Yonder has been awarded the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Technology Award, among many others.

Blue Yonder. Best Decisions, Delivered Daily.

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