

Price optimization

at Find Me a Gift

 competera

Price optimization at Find Me a Gift

The UK e-commerce retailer uses artificial intelligence to maximize revenue and sales



Client

An online retailer selling gifts.

Geography

The United Kingdom.

Challenge

Expert-based pricing; over 7,000 of products under management which results in suboptimal prices at least for a part of products.

Solution

Recommendations of differentiated price changes based on algorithmic predictions of the effect of changed prices on demand.

Results



24.7%
Item sales surged by



9.3%
Revenue grew by

“
We were running around selling lots of stuff but we wanted to find a way to make each pound work harder for us

Jean Grant

PURCHASING AND PRODUCT
DEVELOPMENT SENIOR MANAGER



About the Client

Founded in 2000 by three friends, Find Me a Gift (FMAG) has grown from a struggling startup into a successful company with over 7,000 products under management. In 2017, its sales amounted to some 16 million pounds (\$20.9 million), up from about 14 million pounds (\$18.0 million) a year earlier.

Goal

The retailer was looking for a way to boost all sales KPIs. To reach the goal, the company needed a technological partner that could help it transition from expert-based to data-driven pricing.

“I wanted somewhere people can come to and find perfect gift ideas for all occasions

Adam Gore

FIND ME A GIFT FOUNDER



Challenge

Before Competera, Find Me a Gift used expert-based pricing and Excel spreadsheets exclusively. As the retailer had a large assortment, it was impossible for managers to reprice every product in time. The company's pricing team could only set prices for the best and worst performing products, while the rest of the product portfolio might have suboptimal prices.

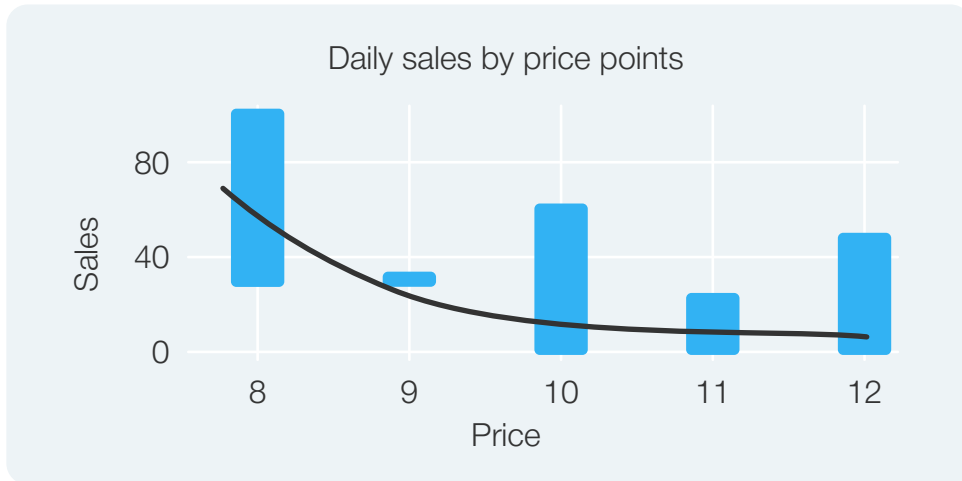
At the same time, the UK online retail market has become increasingly competitive, which made the retailer revamp its pricing strategy. Before that, to boost sales, the company would reduce a product's price by some 30% and generate three times as many item sales. At the same time, the FMAG would lose in revenue as it would not factor in other aspects like the labor that's necessary to ship the order. As a result, the company was letting the opportunity of generating more revenue for every product slip through its fingers.

FMAG had previously cooperated with Competera to receive competitive data through its IT department.

Solution

Competera suggested switching from expert-based pricing to sophisticated machine learning algorithms as part of a five-week market test to optimize pricing based on the retailer's business goals.

FMAG products had sales that could differ (or not) by price points.



This is how historical sales by price point look like.



Competera trained a machine learning algorithm to recommend price points that would maximize sales, then applied a set of rules to further 'skew' the probability of earning more.

The five-week market test involved a test group, or 599 SKUs for which Competera recommended prices based on algorithms, and a control group, or the rest of FMAG portfolio, for which the pricing process remained unchanged.

Results

FMAG's pricing team switched from manual to algorithmic data-driven pricing for a larger number of products (599 SKUs as compared to a much smaller group of items repriced by the retailer before) from the company's assortment of over 7,000 items.



Thanks to an up to 98% of Competera's demand prediction accuracy, Find Me a Gift managed to avoid dependency on price-cuts and cannibalization between products, and switched from reactive to proactive pricing

Regarding the numbers, the transparent five-week market test showcased the following results:



24.7%
Item sales surged by



9.3%
Revenue grew by

The algorithm recommended optimal prices based on cross-dependencies between pricing and non-pricing factors like price elasticity, business goals, competitors' prices, customer behaviour, weather, or the labour that's necessary to ship the order which were never considered before.

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: Price Optimization and Competitive Data.



Price Optimization

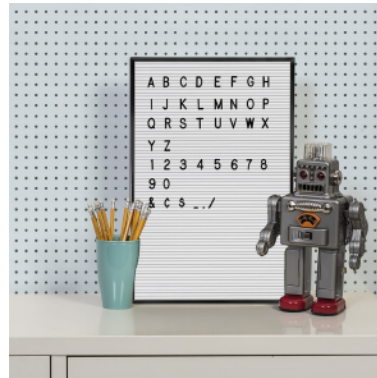
Price Optimization is an ML-fueled price recommendations engine that helps offline and omnichannel retailers boost profit margins by 5% and increase sales by 15% using demand predictions. Through a technological partnership with Competera, retailers of any size can set optimal prices at any level — by product portfolio, store, region, or country.

Competitive Data

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.



The Right Prices. For The Right Products. Every Day



Competera UK

+44 207 971 1479 | emea@competera.net
Project House, 9 Marsh street, BS1 4AA Bristol,
United Kingdom



Competera US

+1 332 331 8669 | us@competera.net
8805, Santa Monica Blvd, LA West Hollywood, California,
90069-4109, United States



Competera SG

+65 9177 3635 | apac@competera.net
018936, 7 Straits View, Marina One East Tower,
#05-01, Singapore