Leverage your Black Friday

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omniaretail

Agenda

Meet Your Hosts

Brend Kolfschoten

Solution Consultant

2.5 Years Driving Growth at Omnia
1 Year Shaping Dynamic Strategies in Ticket Pricing

Developed a powerful forecast model while pioneering **dynamic pricing innovations** to optimize profitability.

Rara Kartika Sari

Solution Consultant

(Almost) 3 Years at Omnia

Joined as a Junior Consultant and now am specialized in pricing strategy implementation in Omnia

Led the migration to Omnia 2.0

Insights of Black Friday

Scope of the research

Sports & Fashion industry & Electronics

German & Dutch market

Timeline: 2018 - 2023

Only focussed on products with price fluctuations and constant data streams
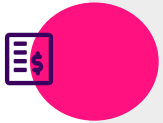
Key Findings

Early Discounts
Black Friday discounts start **10 days** in advance and get even more competitive over the weekend

Price Trends
Prices after Cyber Monday return to pre-Black Friday levels and gradually decrease towards Christmas

Impact Omnibus-Ruling
Companies behave differently before and after the Omnibus ruling
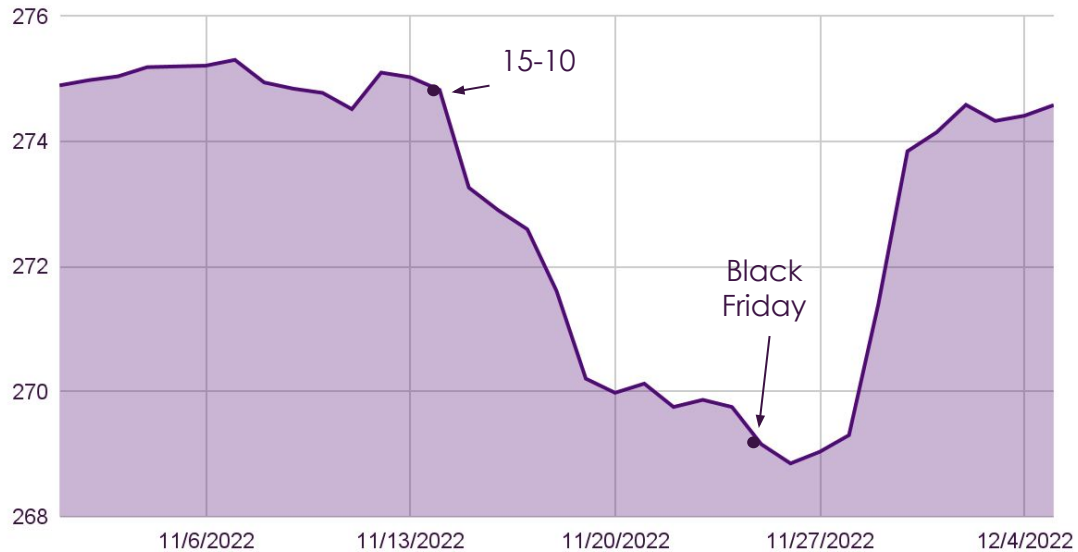
Life Cycle Products
The Life Cycle get interrupted by Black Friday and will continue afterwards

Early Discounts

Some retailers start Black Friday discounts 10 days in advance. The weekend after Black Friday is even more competitive, with heavier discounts on Saturday
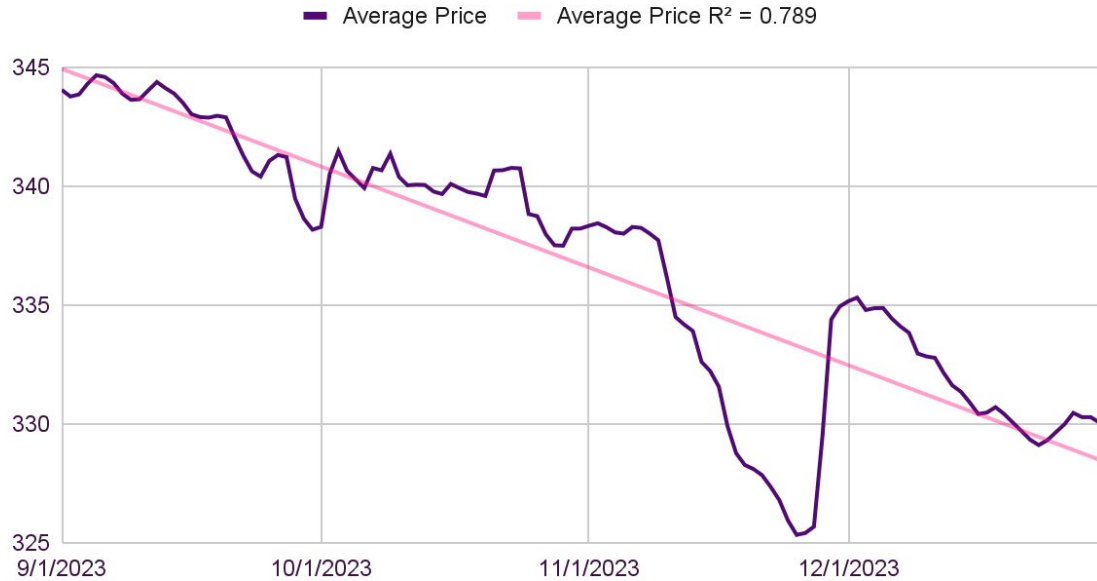

Average Prices 2022 Cyber Weekend (Normalized)

Price Trends

Prices after Cyber Monday return to pre-Black Friday levels and gradually decrease towards Christmas
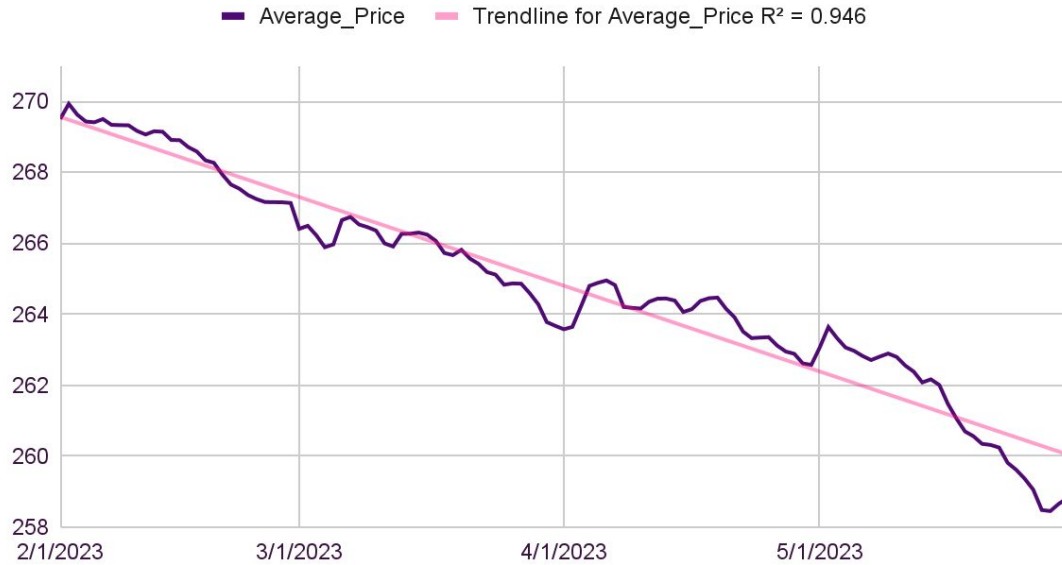
Average Price (Normalized Sept-Dec 2023)

■ Average Price ▬ Average Price R² = 0.789

Price Trends

Prices after Cyber Monday return to pre-Black Friday levels and gradually decrease towards Christmas

Average Price (Normalized Feb-May 2023)

■ Average_Price ━ Trendline for Average_Price R² = 0.946

# Behavioral Changes Post-Omnibus Ruling

Before 2022, retailers raise prices before Black Friday to offer bigger discounts. In 2023, retailers froze the natural Product Life Cycle decay earlier, with fewer products on promotion.

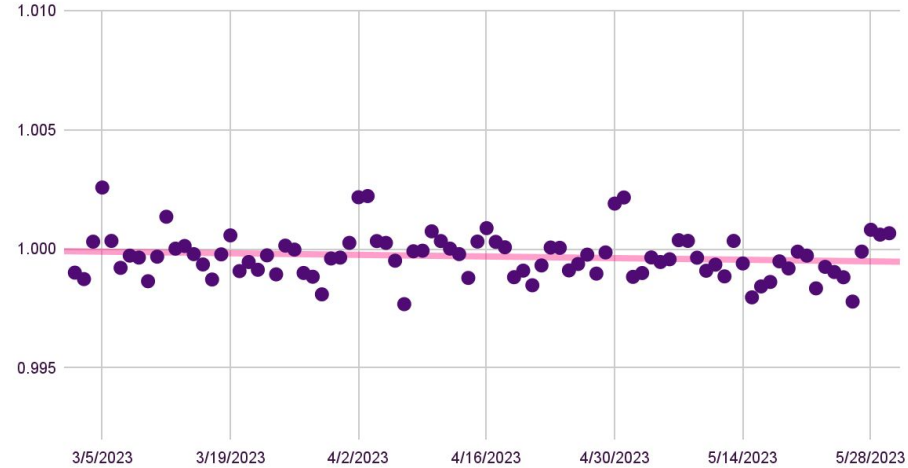## Price Surging 2022 VS 2023 (Z-Score)

▬ 2022　▬ 2023

Lifecycle Products

Black Friday is used to sell products reaching the next product lifecycle, especially in Electronics. Price are held before Black Friday and the accumulated decay is used as discounts

Price Ratio Trends Over Time (Oct-Dec 2022)
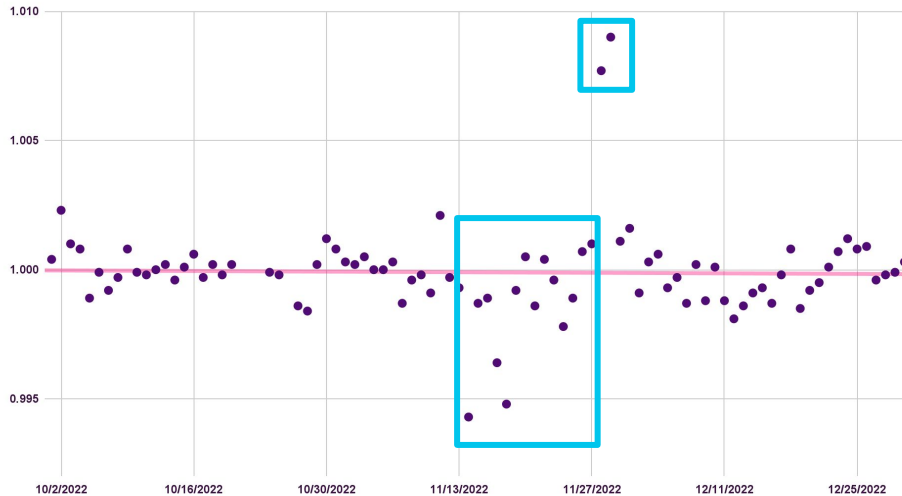
Price Ratio Trends Over Time (Mar-May 2023)

Black Friday Preparation with Omnia

Identifying Key Players

Blacklist offers based on competitor available stock information/price

Detect price-competitive retailers on specific brands by analyzing the **Price Ratio Variance**

1st Slice By	2nd Slice By	Benchmark By	Shop Name	Domain	Show Valid offers only	Tag Name	Tag Value
Shop name	Brand	Price Ratio Variance	is any value	is any value	○ any value ● Yes	is brand	is CISCO

EAN	SKU	Day *
is any value	is any value	Today

Top 10 Performers (Slice 1)

	Shop Name (1st Slice)	Price Ratio Variance (Benchmark)
1	Amazon.nl Marketplace	133.32
2	bol Plaza	0.97
3	bol Plaza België	0.87
4	bol. Plaza	0.79
5	Informatique	0.5
6	Informatique België	0.5
7	Dectdirect.nl	0.49
8	DectDirect.NL	0.42
9	Azerty	0.38
10	LASystems.be | zakelijk	0.34

Unique Shops (1st Slice)

33

Unique Brands (2nd Slice)

1

Benchmark Distribution ⓘ

Slices (Top 100)

	Shop Name (1st Slice)	Brand (2nd Slice)	Price Ratio Variance (Benchmark)
1	Amazon.nl Marketplace	CISCO	133.32
2	bol Plaza	CISCO	0.97
3	bol Plaza België	CISCO	0.87
4	bol. Plaza	CISCO	0.79
5	Informatique België	CISCO	0.5
6	Informatique	CISCO	0.5
7	Dectdirect.nl	CISCO	0.49
8	DectDirect.NL	CISCO	0.42
9	Azerty	CISCO	0.38
10	LASystems.be | zakelijk	CISCO	0.34

Analyzing Key Products

Identify products with significant price deviations per domain by analyzing the **Price Stability Score**

Evaluating Key Domains

Analyze relevant Marketplaces/Domains for promotions and marketing spend by examining the **Cheapest Unit Price**
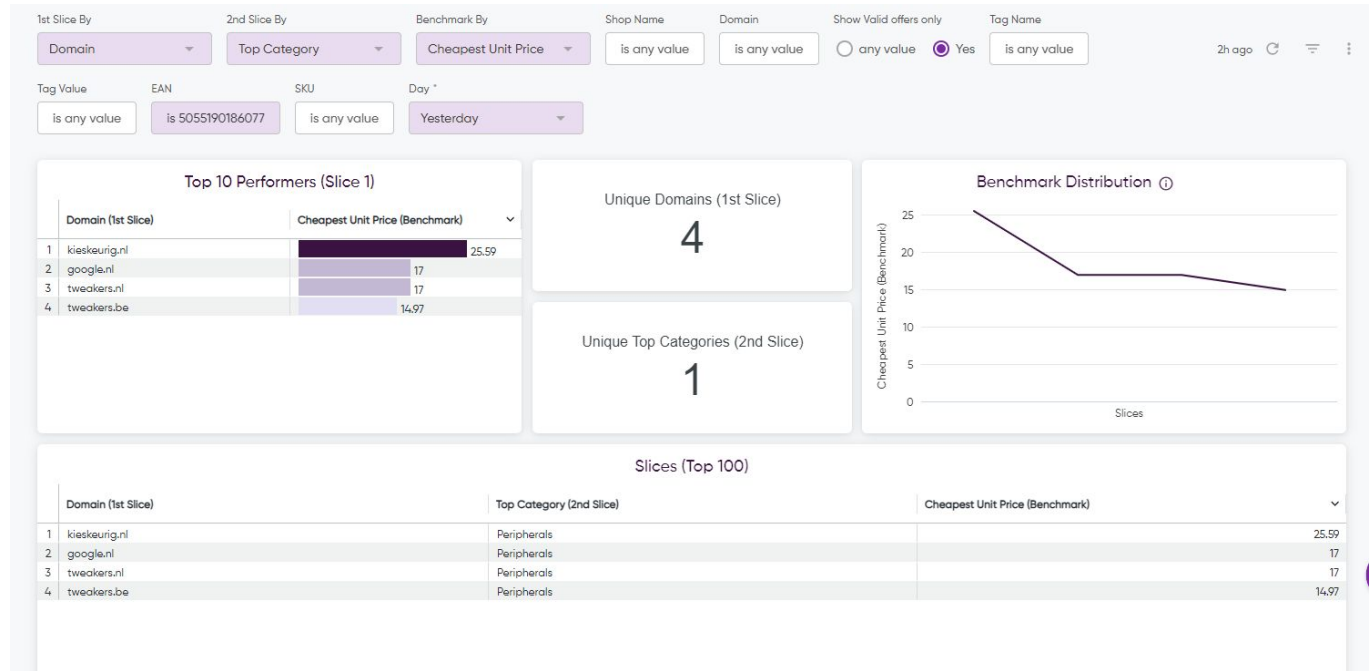
Black Friday Implementation

Special Price/ Promotional Price

- Products on brochures, newsletters, or advertisements with special fixed prices for a limited time.
- Typically popular products.
- High runners that have good market demand and high web traffic.
- Attract many potential customers to visit the webshop/ website.

Example:

On 29th of November, products with non zero special price, will have the price fixed at that special/ promotional price.
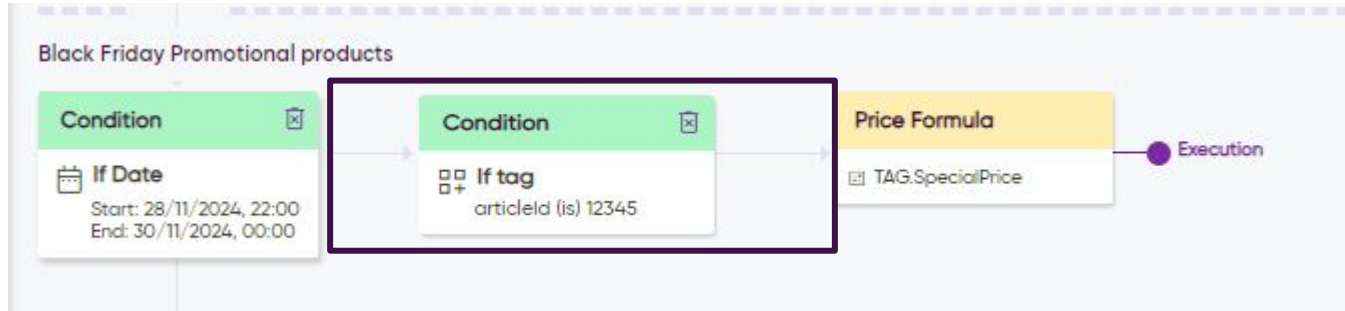
Special Price/ Promotional Price

Special price only for X units sold, after which it will follow the prices in the market with assigned safety rules.

Example:

On 29th of November, only **the first 100 units** of the products with assigned special/ promotional prices,will have the promotional price and once it reaches 100, the next the price will follow the lowest price of the selected competitors with a minimum boundary of the promotional price/ special price + 5% and a maximum boundary of the MSRP/RRP
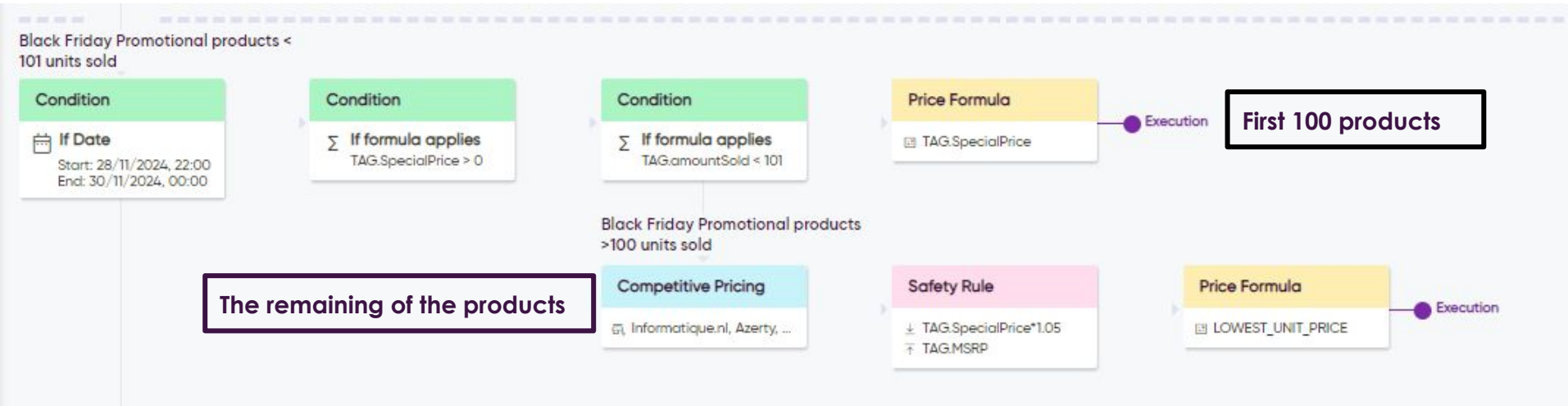
Follow the Price Movement in the Market

- Retailers have started lowering their prices 10 days before the Black Friday.
- Dynamic promotion for the assortments.
- Include the products with fixed promo prices, to follow the movement in the market before the Black Friday period
- Multiple conditions that can be used in combination: stock age, choose selected competitors, google analytics, sale through rate and others.

Example:
From 19th of November, for Electronics products, depending on their stock age, the price is following the cheapest price amongst the selected competitors with minimum and maximum safety price.

Avoid Price War

Do not always follow the cheapest but specify in which situation you want to follow the market down

Example:
From 19th of November, for the Electronics products, depending on their stock age, the price is following the cheapest price amongst the selected competitors with minimum safety price and maximum price **ONLY IF** there are **at least 2** of these selected competitors with prices lower than your current selling price.

Maintain Stabilized Price Increase

Follow the market as retailers start increasing their prices post Black Friday but at a steady rate to avoid too big of price fluctuations.

Example:
From 30th November until the end of Cyber Monday, follow the average price in the market amongst selected competitors but in case of sharp price increases, cap the increase at max. 5% with maximum boundary of MSRP/ RRP and minimum price is either promotional price or minimum margin/ markup
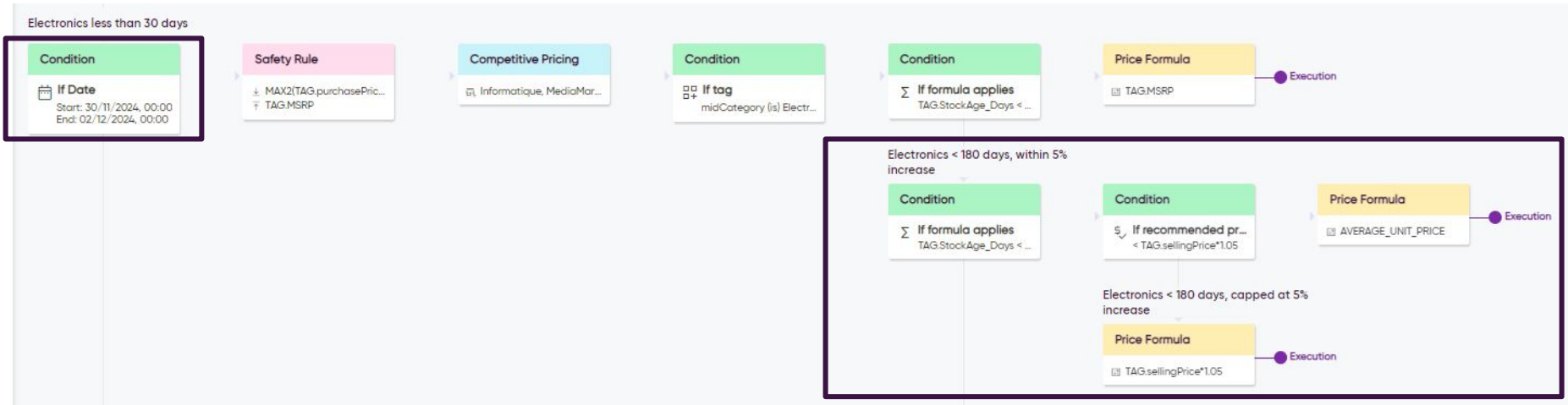
Plan Ahead

- Start constructing and testing your desired Black Friday pricing strategy tree ahead of time.
- Make use of the revert strategy feature to save old and new pricing strategy tree.
- Press that manual calculate prices button as often as you need as you are doing the trial and error of your Black Friday Strategy without disturbing your usual pricing flow.
- Easily revert back to the standard pricing strategy once Black Friday period is over

Check and Evaluate
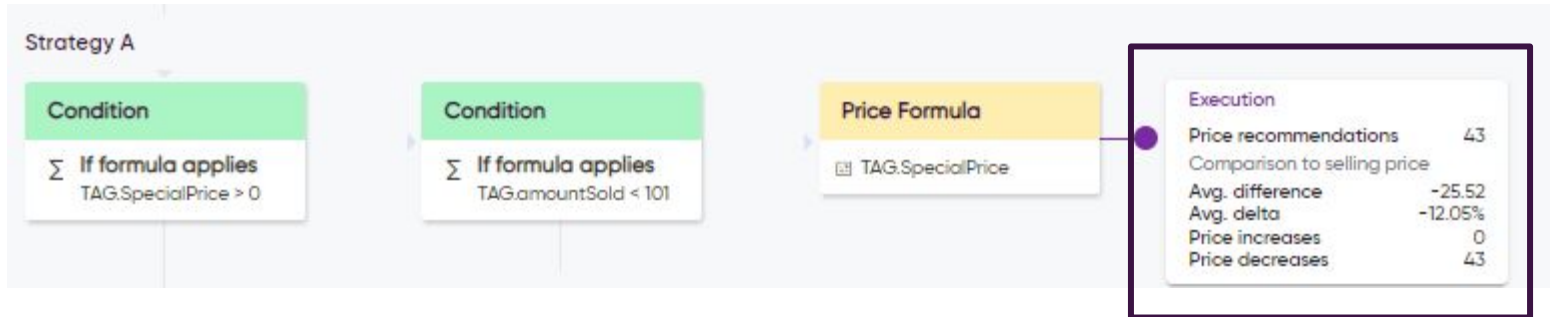
Make use of Strategy Branch Statistics

Analyse the impact of your new strategies: how many products are affected, how will the price change and how big are the impacts in comparison to the current selling price.

Example:
Check if there are the same number of products that you are expecting to have the promotional price vs the number of products that go through the special price branch.

Make use of Strategy Branch Statistics

Evaluate how the additional market conditions and fine-tuning the magnitude of accepted price changes affect how the products are priced.

Example:
How many products hit the average price in the market vs those that hit the maximum price increase of 5%
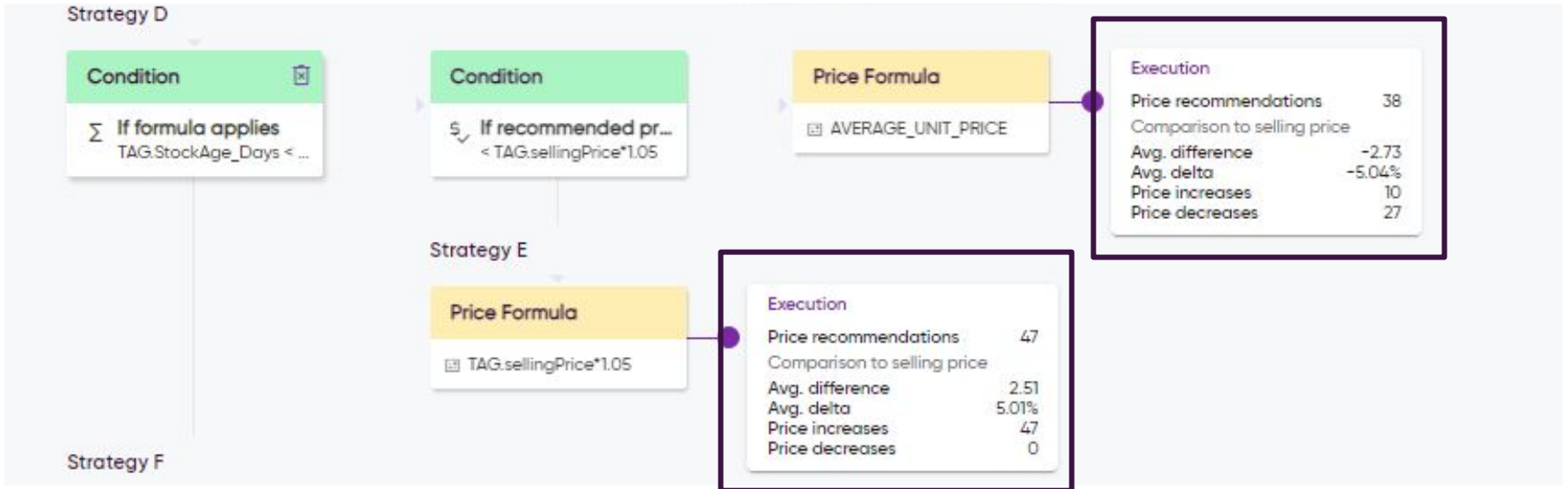
Analyze Results Per Strategy Branch Name

Filter on the different strategy names in order to find out which products are affected by the different strategies and analyze what is happening in the market on product level. Download the table and share with your team if needed.

Analyze Results Compared to Benchmarks

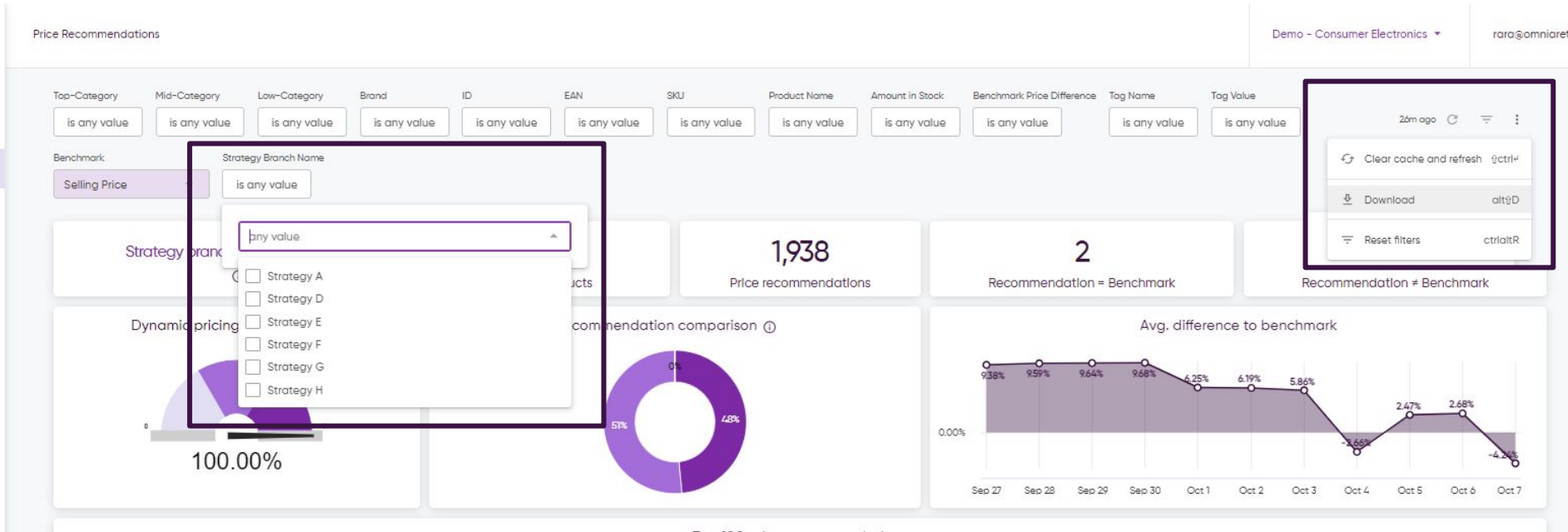Filter on the benchmark that matters to you. Min price boundary and Max price boundary are useful benchmark to see how well you are pricing your products in the market.

If you have a lot of products that hit your minimum safety boundary, you might want to take a look at the competitors that you have selected if they are worth competing with, fine-tune the market condition in case of huge price decrease by your competitors or the data used in calculating the minimum boundary, sometimes, it can happen that incorrect data is imported in Omnia.

Check and Evaluate

Updated at: 07/10/2024 22:12 | Updated by: rara@omniaretail.com ⓘ   Last calculation: 07/10/2024 22:12 | Failed calculations: - | **Success**
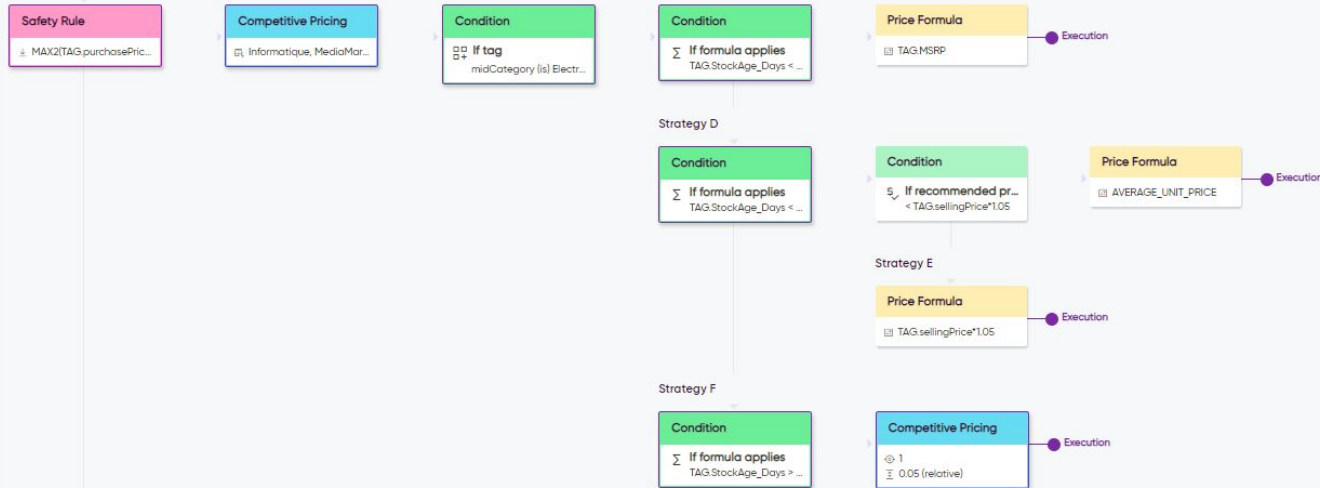
ⓘ **Product name:** NETGEAR 10 Gigabit SR SFP+. 10pk network transceiver module 10000 Mbit/s SFP+   **Price:** 1,813.20€   **Min price boundary:** 1,813.20€   **Max price boundary:** 1,000,000.00€   More info ⌃

Product Information

BronzeTier	
CurrencyGerman	0.9
Days_To_Season_End_Date	31
deliveryTime	ordered before 4:00 PM on workdays. tomorrow at home
ean	0600449087840
imageUrl	https://cdn.sicomputers.nl/media/catalog/product/icecatconnect/14/49...

Offers

Shop name	Unit price	Delivery cost	Domain
CAPS	1838.99	3.95	tweakers.nl
CAPS	1838.99	9.95	tweakers.be
Redable.nl	1906.96	0	tweakers.nl
Redable.be	1906.96	0	tweakers.be
Proshop.nl	1913.19	6.99	tweakers.nl

Strategy C

Safety Rule
⤓ MAX2(TAG.purchasePric...

Competitive Pricing
🖥 Informatique, MediaMar...

Condition
⊞ If tag
   midCategory (is) Electr...

Condition
∑ If formula applies
   TAG.StockAge_Days < ...

Price Formula
TAG.MSRP → Execution

Strategy D

Condition
∑ If formula applies
   TAG.StockAge_Days < ...

Condition
⌄ If recommended pr...
   < TAG.sellingPrice*1.05

Price Formula
AVERAGE_UNIT_PRICE → Execution

Strategy E

Price Formula
TAG.sellingPrice*1.05 → Execution

Strategy F

Condition
∑ If formula applies
   TAG.StockAge_Days > ...

Competitive Pricing
👁 1
⊼ 0.05 (relative) → Execution

Thank you
for your participation.