

Mastering
PRICING STRATEGIES
IN A
DYNAMIC MARKET

Jekyll+Hyde
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Understanding Pricing in a Shifting Economy

Pricing is more than just a number—it defines how consumers perceive your product and its value. With inflation influencing spending decisions, brands aren't just competing within their category but against every purchase a consumer makes. A successful pricing strategy adapts to market conditions, competitive shifts, and consumer behavior.



The Role of Dynamic Pricing in Retail

Retailers are embracing dynamic pricing models that adjust costs in real-time based on location, demand, and competition. Some major retailers now have pricing strategies so refined that a product's cost can vary store by store, creating a challenge when trying to maintain pricing consistency. This complexity means that brands must be aware of how their products are being priced across various channels to ensure they remain competitive while protecting their margins.

Leveraging Data for Smarter Pricing Decisions

Retailers rely on an ever-growing list of factors to determine pricing, including:

- Local competitor pricing
- Category promotions
- Consumer demand elasticity
- Regional demographics
- Online vs. in-store pricing models

Tracking these variables is essential for understanding how pricing fluctuations impact sales.

The Impact of Price Thresholds on Consumer Behavior

Certain price points serve as psychological barriers for consumers. For example, many shoppers hesitate when a product crosses the \$29.99 threshold, making it crucial to understand how price changes influence purchase decisions. Retailers use sophisticated algorithms to test price elasticity, but that doesn't mean their strategies are always effective. Some stores inadvertently push pricing beyond optimal levels, leading to reduced sales velocity.



Using Data to Secure Price Increases

The past few years have seen rising costs for ingredients, packaging, and logistics. While many brands have attempted price increases to offset these expenses, retailers have been resistant.

One of the most effective strategies for securing price increases is presenting data-driven evidence that the market can bear higher costs. Demonstrating how competitors have successfully increased prices without losing velocity can provide compelling justification for a price adjustment.



Mastering Pricing Strategies in a Dynamic Market



Store-Level Pricing Insights: A Game Changer for CPG Brands

Retailers operate on both macro and micro pricing strategies. While chain-wide pricing decisions are common, more retailers are adopting hyper-localized pricing, where prices fluctuate at the store level based on demand and competition.

Pricing strategies must be flexible and informed by localized data. Monitoring store-by-store pricing across competitors provides an opportunity to identify gaps where a product may be priced too high (leading to lower sales) or too low (leaving money on the table).

The Role of Stockouts in Pricing Strategy

Out-of-stock situations don't just impact immediate sales—they can permanently shift consumer behavior. When a product is unavailable, customers often turn to alternatives, reducing long-term loyalty. Additionally, understanding competitor stockouts can provide opportunities for strategic pricing adjustments, capitalizing on temporary gaps in supply.



The Future of Pricing Strategy in CPG

Pricing strategy is no longer just about setting an MSRP and hoping for the best. It requires continuous monitoring, adaptation, and data-driven decision-making. As retailers refine their dynamic pricing models, brands must stay ahead by leveraging real-time insights to optimize pricing, negotiate effectively with retailers, and ensure their products remain both profitable and appealing to consumers.

The brands that master navigating this evolving landscape will not only survive but thrive in today's competitive retail environment



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No advertising agency in America has the depth of knowledge or the connections within the industry that we do. We love entrepreneurs and want to help every brand succeed.

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