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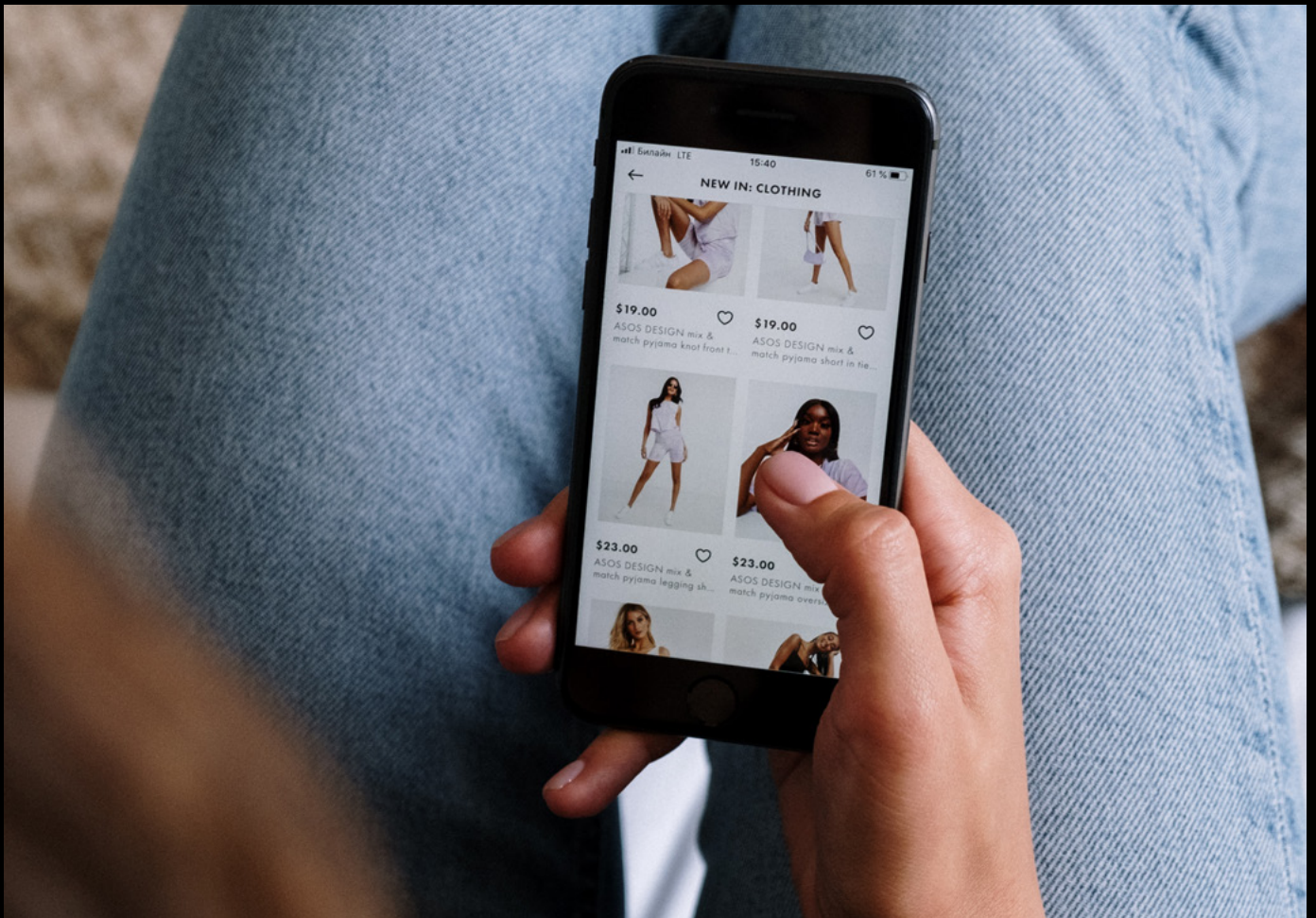
The Importance
of Insight

Brand and marketplace: How to address customers intelligently

Price level, brand image and performance in balance through data-driven optimisation

E-commerce, online marketplaces and direct-to-consumer are booming. Stationary retailers are using this to sell at any price. The brand perception of manufacturers and brands is suffering and needs protection.

Situation

Online retail is booming. In 2020, gross sales in Germany alone increased from 72.6 billion euros to 83.3 billion euros. Despite stagnation in the first quarter, a plus of 14.6 percent compared to the previous year, shows a survey by the German E-Commerce and Distance Selling Trade Association (BEVH).

A trend that was foreseeable even before Corona, but pandemic and lockdown shop closures have intensified it and given online retail a boost that continues in 2021.

Direct-to-consumer (D2C) would be the order of the day. But stationary retailers, multi-brand shops and even department stores are pushing their goods onto online marketplaces and selling stock of their brand products there. They do this on a grand scale and with uncontrolled price discounts. Currently, 40 percent of all online sales take place on marketplaces. And the trend is rising.

Problem

As a result, manufacturers and brands are at a loss and simply no longer have an overview of who is selling their goods online. They don't know which of the approximately 75 German B2C online marketplaces they are already represented on, with which assortment, and at which (reduced) price their goods are offered there.

At the same time, their chances of scoring points in the customer journey of the D2C business are decreasing, because apart from exclusive merchandise, they can hardly come up with a good deal. Retailers lower prices in the clearance sale to a level that manufacturers and brands will not go to in their own shops because it will hurt them in the long run.

The immediate effect is a disturbed price structure, from which brand perception suffers massively and a brand image that has been built up over years loses its reputation in the permanent sale of stock and shelf goods.

Solution

Ending this misery is long overdue. Manufacturers and brands must become active. They need transparency, an overview and structured information in order to recognise the development of price erosion or sell-outs at an early stage. Before the first causes have a noticeable impact on brand perception, manufacturers are aware of the situation in time and can act accordingly.

It is important to become active on the online marketplaces and to perform optimally. On the following pages we show how and with which strategies this is possible.

Keeping an eye on the market ensuring sustainable success

How is the own product presented on online marketplaces and platforms?

While the consumer trust in online marketplaces and trading platforms is growing, control over consumers' brand perceptions is decreasing. There are several suitable measures here to protect one's brand value and ensure success.

Brand value down to the smallest detail

Manufacturers and brands need to know and adjust how their own products are presented on online marketplaces and platforms. The correct **integration of high-quality product information** is essential to be fully present and successful on them.

Powerful product titles and attributes are crucial for optimal performance of the products. Targeted optimisation in this area helps to score points in the ranking of relevant search terms. Complete descriptions and images are further must-haves that every trader needs to have available and follow. Sharpening and completing images contributes significantly to communicate the value down to every crucial detail and at the same time reduce the return rate.

Market research is brand protection

Manufacturers and brands need to know what is happening in sales channels, therefore they monitor retailers and competitors. Monitoring provides information on whether and how recommended retail prices are adhered to in different countries and on different online marketplaces. Manufacturers gain clarity about MAP undercutting by retailers and can thus analyse in detail the extent, frequency and period of such low prices.

What factors determine whether RRP and MAP are realistic in e-commerce? **RRP-MAP-monitoring** provides answers and also identifies those retailers who are the first to sell individual products cheaply and disturb/destroy the price structure.

Different software solutions for **brand protection** in e-commerce also monitor how both one's own products and those of the competition are presented. Unauthorised dealers, unauthorised use of images and counterfeit products or grey imports can also be identified. Each component is important to preserve the brand image.

Case example: Connected retail @ Zalando shatters manufacturers and brands

Stationary fashion retailers are particularly affected by the lockdown. Mostly without infrastructure and know-how for their own online shops, many use Zalando's Connected-Retail programm. Currently, more than 2,000 shops in Germany and the Netherlands are connected. Other countries and retailers are expected to follow.

Traders and platform providers profit equally. Some sell out, others present a much wider range of products. Only brands are at a disadvantage: because retailers are selling off shelf and stock goods, prices on marketplaces are dropping. These remaining items are placed prominently in the search results. Above all, however, the ideal value of a product stagnates and the prestige value of the entire brand declines.

Manufacturers and brands need market transparency. They need to take measures to continuously monitor products, control supply chains and identify and assess positive and negative developments at an early stage.

However, the manual effort for this is enormous, very expensive and often not up-to-date for the massive amount of articles and platforms.

For comprehensive market monitoring, every category and every product, every private label or brand, every clothing size and colour combination and every strike price or discount must be tracked at high frequency on all available online platforms.The derivation of trends and initiatives for brand protection can only be initiated when sound data is available to make judgements. Only then can manufacturers make meaningful evaluations and identify as quickly as possible those retailers that undercut prices particularly frequently, do so very early and are involved in price erosion.

Market monitoring software solutions provide automated, data-driven, and high-quality overviews of products on online marketplaces and trading platforms.
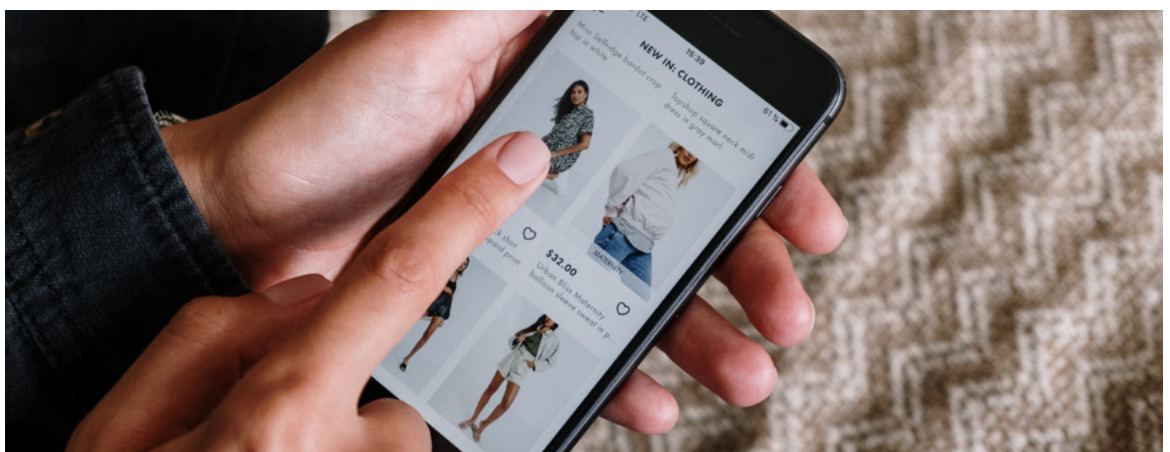
Keeping an eye on the competitors – reacting quickly to changes

With which products, prices, assortments is the competition present?

Market intelligence and competitive intelligence (MCI) are more important than ever in view of increasingly complex markets and sometimes disruptive market developments. They help to better understand existing and new competitors and their products and to react to them as quickly as possible.

Knowing where you stand

To be able to compare with others, manufacturers and brands must first know their own position. The basis for this is a market intelligence, that shows where products stand in their evolutionary life cycle, how their prices develop in e-commerce and where marketing, sales or product management should take corrective action.

Identify what others do - and be better

To secure competitive advantages and optimise their own sales strategy, manufacturers and brands need a comprehensive view of their competitors. **Competitive Intelligence** enables this. Competitor monitoring records and analyses which strategy the competitors pursue and how they react to your brand and your products.

In addition, the position of the competitor products is determined: Which products are offered? What is the price range? Based on the corresponding information and findings, it is possible to derive one's own effective pricing strategies and to set a competitive RRP. Because developments are recognised at an early stage, valuable strategic insights can also be derived for the company's own product management and product range optimisation.

Case Example: Far eastern fighting techniques against german traditional brands

German and European brands are of great interest in the Far East because of their quality. But more and more Asian brands are on the rise in the EU. German online shoppers are also discovering their low-priced products for themselves - especially in the hobby & leisure sector, as a recent ECC study shows – and are using online marketplaces Aliexpress, jd.com, Joom and Wish for convenient shopping.

Accordingly, there is a great need to expand the continuous comparison of competitors: German and European manufacturers and brands always need to know how they stand on Far East marketplaces and how the new competition is positioning itself against them.

Growing challenges and questions must not be left unresolved, but need regular and quick answers: How many articles of the brand are represented in which categories? And how many from the competitors? Are there fake products or grey imports of the brand's articles? What prices do competitors in other countries charge? For which product versions, with which special ingredients...?

In this context, software solutions also offer automated, data-driven and high-quality overviews for comparing competitors on online marketplaces - also in the Far East.

Customers in focus – targeted response to demand and requirements

What does the consumer want and communicate?

Product and price information alone are no longer enough to win customers over in the long term. It is equally important to know what customers examine before buying and what they subsequently judge. Obtaining and evaluating this information enables targeted measures for a positive brand perception.

Customer ratings as an indicator of brand perception

Review monitoring is used to record, analyse and process customer reviews on a wide range of platforms regarding various factors - both on online marketplaces and in the shops of the most important retailers as well as on price comparison portals and review platforms.

Based on customer reviews, prices and rankings, manufacturers and brands can identify the status of their own products and compare them with products of competitors.

They see their own and competitors' market shares on the relevant portals and in the corresponding categories. They can also act quickly in case of gaps in retailer assortments or poor availability of goods.

The **analysis of customer reviews** provides manufacturers and brands with an up-to-date picture of the mood, which helps them to react quickly to new and changed reviews or to derive upcoming trends and to push their own product development.

The **recording and evaluation of return rates** also helps to identify patterns of triggers and motivations and to initiate and implement concrete optimisation measures.

Case Example: When the foodwear brand knows where the shoe hurts

For many consumers, online reviews are the last impulse before making a purchase decision. For manufacturers and brands, they are crucial for recognising developments and being able to track changes over time.

Observing competitor products and identifying whether more reviews are being added and what is considered especially good in the reviews helps to identify trends and specific categories or for certain articles.

Evaluating concrete reviews of your own products and recognising why they are returned - e.g. „don't like it" or „it is too big" - enables direct adjustments such as size differences to be included in product descriptions.

Knowing when specifically a rating average changes can be helpful in recognising whether there may have been a material change at that time that has a negative impact on customer satisfaction. In that case, a quick reaction and adjustment can be made.

All this cannot be done manually. But with the right software solutions and automated, data-driven, high-quality overviews, it can.

Manufacturers and brands need market transparency and a fast, well-founded basis for taking action. Automation tools help to manage the amount of platforms and data.

Online marketplaces and trading platforms are used by retailers to bring stock and seasonal goods to the customer at huge discounts. As a result, the brand image of well-known manufacturers and brands suffers from being perceived as suppliers of discount products. Such an impression is created quickly and sticks. It takes a long time to correct it, and sometimes it is impossible to do so.

Companies must be and remain vigilant against any kind of price erosion and image damage. It is crucially important to recognise situations in time and to uncover worrying trends before an irreversible development is initiated. No less decisive is to become active and to shape events according to one's own interests.

An elementary requirement is to get clarity about what is happening day by day on the online marketplaces and trading platforms. Collecting high-quality data to evaluate offers and suppliers proves to be a challenge.

However, it is not possible to manually record the vast number of platforms, products and product specifications with the required level of updating.

Here, software solutions offer a remedy and conserve resources. Large amounts of data can be collected and intelligently analysed and evaluated to derive individual recommendations for action. Integrated alert functions additionally support fast and efficient action.

Time is running.

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The Importance
of Insight

You've read enough.
Let's talk!

We are very familiar with your day-to-day work in the e-commerce sector. And we know why reliable data is the key to confident decision-making.

Let's sit down and talk about how we can address the challenges you face every day and improve your sales and margins together.

[TELL ME MORE]

ABOUT XPLN

XPLN unearths buried e-commerce data troves and reveals their riches, empowering our clients to make confident decisions and take decisive action. Our unique SaaS+ approach combines AI-based software with human expertise and data consulting to correctly interpret data and use them profitably. It informs crucial branding decisions by major brands and retailers and offers structure for maximized performance. This is the heart of XPLN – The Importance of Insight.

XPLN supports key players in diverse industries such as Calvin Klein, Tommy Hilfiger, Gardena, Euronics and Swarovski.

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