



Contact: Nikki Baird, RSR Research: 303-683-6613

News Release

Study Finds Retailers Under-Utilize Price Advanced Pricing Capabilities

As retailers' strategies shift from product-centric to customer-centric, pricing tools must take on a new role within the retail enterprise. A new research report from RSR Research finds that retailers struggle to find ways to make gains in customer service that do not come at the cost of price competitiveness. However, while price optimization has delivered impressive results, retailers are stuck on price as a lever for margin, and so are missing other opportunities to maximize the value of pricing capabilities.

DENVER, CO (PRWEB) January 14, 2007 — According to a new RSR Research report, *The Next Generation of Pricing*, released today, retailers struggle to find ways to make gains in customer service that do not come at the cost of price competitiveness. Survey respondents continue to see price optimization solutions primarily as a lever for margin – missing other opportunities to maximize the value of the technology.

“This is a fundamental retail paradox: how to improve customer service without impacting a retailer’s ability to stay price competitive,” says Nikki Baird, Managing Partner at RSR Research and the report’s author.

“Price is a very difficult competitive differentiator to maintain nowadays, thanks to the transparency provided by the internet, but it remains a critical part of a retailer’s strategy – having the wrong price will certainly hurt customer perceptions and ultimately retail performance.”

RSR’s new publication, *The Next Generation of Pricing*, sponsored by DemandTec, KSS Retail, and Revionics, finds that whether it is the primary differentiator or not, retail winners – those that outperform their peers in year-over-year sales performance - keep price central to their retail strategy and their peers don’t. Retail winners also focus on price strategies at the category level, while maintaining a greater degree of flexibility in the number of different price strategies they leverage. Under-performing retailers are overly-focused on key item pricing, trying to attract customers and maintain margin by identifying specific items within categories that shape customer perception about the retailer overall.

According to the report, retailers miss many opportunities to maximize the value of pricing capabilities. For example, few survey respondents currently use sophisticated techniques to set or change prices, relying mostly on staying on top of the competition and markup based on cost. Respondents are also focused mainly on base price setting, leaving lots of room to expand across the entire price lifecycle.

To obtain a complimentary copy of the report, click here or follow this link:

<http://www.retailsystemsresearch.com/document/summary/403>

CONTACT:

Nikki Baird

303-683-6613

nbaird@rsrresearch.com

About Retail Systems Research

Retail Systems Research (“RSR”) is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, and thought leadership and advice on navigating these challenges for specific companies and the industry at large. To learn more about RSR, visit www.rsrresearch.com.

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