



HOW A TWO-PERSON PRICING TEAM LEVERAGES COMPETITIVE DATA AND PRICING SOFTWARE TO OPTIMIZE B2B2C OMNICHANNEL PRICING

EBOOK

A case study presented by the price
specialist at a global distributor.

 zilliant PRICE IQ

 zilliant PRICE MANAGER



**FULL B2B
TRANSPARENCY****UNSTRUCTURED PRICING****INCONSISTENT LIST PRICES
AND DEEP DISCOUNTS****FRONT- VS BACK-
OFFICE BATTLE****PRODUCT-GROUP THINKING;
NOT ITEM THINKING****STRIKING A DELICATE OMNICHANNEL BALANCE**

For distribution companies, updating, aligning and delivering consistent and relevant prices across all B2B channels is a major challenge. But that challenge gets far more complex when B2C channels are added to the mix.

This is the situation one global distributor found itself in when its two-person pricing team was attempting to balance prices across its B2B and B2C channels. On the B2B side of its business, which accounted for 80 to 85% of the company's revenue, this distributor has more than 50 stores, as well as multiple warehouses and eCommerce platforms. On the B2C side, the distributor has 10 eCommerce webshops.

The distributor's pricing strategy had slowly evolved for nearly a century since it was founded. For decades, the company was challenged with pricing issues including unstructured pricing, inconsistent list prices coupled with over-discounting, and a focus on optimizing the product group rather than individual items.

Then, the distributor shifted into an era of full B2C transparency, which meant ensuring B2C prices were in line with competitors and the market. However, the distributor found that this transparent pricing approach led to conflict between the B2B and B2C sides of its business.

AN ATTEMPT AT OPTIMIZATION FIZZLES

While the distributor embraced B2C transparency, full transparency in B2B now meant customers were privy to market prices for products, which they often leveraged in negotiations to secure a better price. Additionally, some B2B customers were dissatisfied due to the pressure on their margins. Another point of frustration for B2B customers was that the distributor's pricing structure lacked insight into discounts.

When the distributor tried to improve its prices using internal methods, it found that discounts were spread too wide to optimize properly. Additionally, segmentation was based on experience and gut feeling, which often resulted in biased prices.

In an effort to fix these issues, the distributor used a third-party solution that crawled popular B2C sites for prices and matched the average price, created trade-specific discount models, and calculated segmentation based on revenue size and profitability.

Ultimately, the distributor only used this third-party solution for a short time. Not long after, the company engaged Zilliant about leveraging the power of AI to level up its price optimization approach.

PRICING IN B2B VS B2C

While the distributor's B2B channel had fewer competitors and a limited customer base, pricing was complex due to a large product portfolio and a lack of transparency in customer negotiations.

Pricing for the company's multiple B2C web shops seemed relatively simple in comparison because eCommerce prices offered full transparency and applied to fewer products. However, the B2C landscape was more difficult to navigate because of added competition and a nearly unlimited customer base.

The distributor needed to strike a delicate balance for omnichannel pricing across its B2B and B2C markets. B2B sales reps wanted fair and communicable prices, while B2C sales reps wanted competitive pricing.

Ultimately, the company needed to win B2C business with competitive and market-aligned prices across its eCommerce web shops without undercutting prices in its B2B channel, which was its largest revenue driver.



THE JOURNEY WITH ZILLIANT

The distributor's pricing team chose to partner with Zilliant to help tackle its B2B2C pricing challenges.

The pricing team found that Zilliant:

- Acts as a partner first and a supplier second, and understood its business model
- Offers excellent support, resulting in more agility with pricing strategies
- Provides proactive solutions to tough business problems
- Has extensive experience within B2B distribution

The distributor's journey with Zilliant was a three-phased, multi-year approach that began with the optimization of its B2B and B2C market pricing with **Zilliant Price IQ®**, and then with the implementation of pricing automation for its B2C webshops with **Zilliant Price Manager™**.

Phases one and two of the distributor's Zilliant-led price optimization project focused on creating B2B and B2C pricing models to derive market-aligned prices. The B2B and B2C pricing models worked on the same principles. Price elasticity measurements were used to determine if a price should be increased or decreased, goal-seeking optimization ensured minimum margin was secured, and strategic pricing and price alignment rules were set.





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**INGEST & PROCESS DAILY
COMPETITIVE PRICING**



**COMPETITIVE PRICE MOVES
BASED ON PRE-DEFINED
STRATEGIES**



**PRICE CALCULATION IN THE
BACKGROUND IMPROVES
DECISION-MAKING**

AUTOMATED B2C WEBSHOP PRICING

Phase three focused on fully automating B2C webshop pricing. With Zilliant's help, the distributor was able to consolidate transaction data, product and market attributes, competitor pricing, and B2B product pricing into Zilliant Price IQ® for optimization. The optimized prices were then ingested into Zilliant Price Manager™ to process daily competitive pricing, enable competitive price moves based on pre-defined strategies, and calculate prices in the background for improved decision-making.

The team set up pre-determined and automated Price Manager™ rules. It worked like this: If the optimized prices satisfied these rules, a product would be auto-approved with the new price and sent to the pricing team for website price updates. This meant the pricing team could now easily respond to competitor price changes daily. Additionally, depending on market conditions and competitor pricing, a product might not need a price change at all.

Any products that did not satisfy the Price Manager™ pricing rules would be routed to the pricing team for approval or adjustment. The new system reduced the frequency with which this manual adjustment process would be required. This freed up the pricing team to work on other types of improvements and focus on margin-driving strategies.

COLLABORATION WITH KEY STAKEHOLDERS

Another critical piece of the distributor's B2B2C price optimization and management project was the continuous evaluation of current pricing strategies to gauge room for future improvement.

The pricing team held sessions with key stakeholders to present results and future strategies. In these sessions, stakeholders considered feedback and suggestions from B2B sales reps and product managers.

This continuous improvement process and consistent communication with stakeholders allowed the two-person pricing team to align on the pricing strategy while adjusting to market conditions. Rules and price strategies implemented in Price IQ® and Price Manager™ enforced minimum margin thresholds and avoided a blind "race to the bottom" on competitive pricing.

TODAY'S SEAMLESS OMNICHANNEL PRICING

Another critical piece of the distributor's B2B2C price optimization and management project was the continuous evaluation of current pricing strategies to gauge room for future improvement.

Today, the distributor has seamless omnichannel pricing that enables:

- Quick responses to aggressive competitor pricing, as well as the quick adjustment of items causing margin or pricing issues
- Intelligent adjustment of pricing between B2B and B2C channels such as lowering B2B prices to B2C competitor levels or ensuring that B2C prices do not undercut B2B pricing
- B2C customers to search B2B products via a temporary landing page that offers the product at a premium price

Contact us today to learn more about how Zilliant can help optimize B2B2C omnichannel pricing in your organization.

“One of the most important reasons why we selected and continue to work with Zilliant is that they understood the complexity of our pricing models and the intricacies of how our business works.”

– Price Specialist, Global Distributor



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