



**WHITEPAPER**

# INTERNET RETAILING AND COMPETITOR MONITORING

THE E-COMMERCE  
MANAGERS HANDBOOK

## TABLE OF CONTENTS

✓	Executive Summary / Introduction	2
✓	About Competitive Monitoring	4
✓	The Essential Elements of a Competitor Monitoring Strategy	7
	Competitor Price Monitoring	7
	Competitor Product Monitoring	8
	Competitor Promotional Monitoring	8
	Competitor Inventory Monitoring	9
	Competitor Media/reviews Monitoring	9
✓	Methods of Competitive Monitoring	11
	Manual Monitoring	11
	Automated Monitoring	12
	Self-Service Automated Monitoring	14
	Full-Service Automated Monitoring	14
	Full-Service vs Self-Service	15
✓	Conclusion	17

## EXECUTIVE SUMMARY / INTRODUCTION

"Without big data analytics, companies are blind and deaf, wandering out onto the web like deer on a freeway." -

**Geoffrey A. Moore, author and management consultant**

The e-commerce world has never moved faster, and the competition is moving faster with it. Online retail giant Amazon is reaching into the real world with the Echo, an A.I.-driven speaker system that also serves as a voice shopping hub, and traditional brick-and-mortar retailers such as Saks and Nordstrom are investing heavily in their online presence by developing personalised online shopping experiences. Even Google has thrown its hat into the online retail ring to take on Amazon Prime, as it launches additional Google Express delivery partnerships with over 30 major online retailers.

Simply keeping up isn't good enough - to truly outpace the rest of the online retail world, ecommerce managers must gain insight and understand exactly what their competitors are doing at all times within the business and marketplace.

In this guide, we will discuss:

- ✔ The role of competitor monitoring as an essential part of any e-commerce manager's overall growth and customer retention strategy.
- ✔ How competitive monitoring is currently deployed around the world, and
- ✔ How competitive monitoring can boost key performance indicators from profit margins to sales volume to customer loyalty.



# ABOUT COMPETITIVE MONITORING



## ABOUT COMPETITIVE MONITORING

Competitive monitoring enables managers to make effective and data driven decisions based on tangible and verifiable data instead of relying on intuition and perception. At the core of retail competitive monitoring is a database of current and historical information on all applicable data points: available products, pricing, relevant promotions, available inventory, and customer reviews / media mentions. These five indicators combined provide a robust summary of the strategies employed by other retailers and their relative effectiveness, and with proper analysis they will identify lucrative areas for expansion and development.

### Why Monitor the Competition?

Every business has developed unique strategies for dominating the online retail marketplace. Some offer a uniquely personalised shopping experience, some offer value-based pricing and some capitalise on perceived value, but the goal of every strategy is the same: to develop and maintain a strong competitive advantage. In order to maximise the effectiveness of any competitive strategy, it is critical to have the most recent data available on the competition.

Start-ups, small businesses and medium enterprises can all use this intelligence to grow their operations and become more competitive within their market space, reducing the market share gap between themselves and current market leader. As retailers become more established and increasingly savvy, they are able to make better use of the competitor monitoring data to more effectively analyse and understand the moves of their direct competitors to identify new areas ready for growth and development. At the same time, they consistently monitor the tactics used by new market entrants looking to expand in the space in order to identify weaknesses in existing strategies before they negatively impact the bottom line.

### Case Study: Dollar Shave Club



Consider the success story of one of the most recent online retail start-ups, Dollar Shave Club, an American subscription-based retailer selling men's razors and related shaving paraphernalia. They aimed to disrupt the current market with the advent of a hassle-free recurring subscription sales model, and it succeeded admirably.

In a few short years, they built themselves into a major player in the market with over 2 million monthly customers, and were recently acquired by Unilever for approximately \$1 billion USD. But thanks to careful competitive monitoring, other leading brands were quick to copy the example set by the supposedly disruptive start-up and now offer directly competing packages aimed at

disruptive start-up and now offer directly competing packages aimed at undercutting the initial advantages enjoyed by Dollar Shave Club.

In addition to protecting against disruptive start-ups, competitive monitoring saves retailers a great deal of time and money on a range of strategic initiatives from pricing to marketing. By carefully monitoring and adjusting pricing strategies and promotional discounts, retailers can minimise any advantages gained by their competitors attempt to undercut their prices or highlight specific products that could be prime candidates for the very same tactic.

**Case Study: Dollar Shave Club (Contd.)**

For both start-ups and more established businesses, competitive monitoring also provides retailers the ability to predict future strategies that may be implemented by their competitors. Identifying emergent patterns in a competitor's promotional discounts, gradual price reductions, and new product inventory enables forward-thinking ecommerce managers to move ahead of their competition and develop innovative strategies, as a smarter alternative to simply replicating what has been done in the past.

While competitive monitoring cannot replace other development strategies such as product innovation and brand positioning, it supplements and enhances their effectiveness. The success of new product launches is increased dramatically by strategic timing for maximum impact, as well as careful analysis of competitor pricing strategies which could reveal unexploited pricing opportunities.

**Case Study: AMD vs NVIDIA**

The AMD logo, consisting of the letters 'AMD' in a bold, sans-serif font next to a stylized square icon.



There has been a long rivalry between AMD and NVIDIA, the two major players in the discrete graphical processing unit (GPU) market worth over \$100 billion USD worldwide. AMD recently released a brand-new series of cutting-edge GPUs with the goal of re-establishing their waning market share in the computer gaming world, but they ran into a major issue shortly afterwards.

By closely monitoring AMD's product release cycle, NVIDIA was able to carefully time the launch of their directly competing product line to interrupt the marketing buzz surrounding AMD's launch. While it might initially appear valuable for AMD to release their products first, in the constantly-evolving world of computer hardware, the newest product always has the highest desirability for consumers, helping NVIDIA to leverage timing and interruption to their advantage.

Regardless of how well-positioned a retail business is within their marketplace, there is undoubtedly always room for improvement. Competitive monitoring and the resulting data-driven intelligence are the essential elements that empower savvy ecommerce managers to make the right strategic decisions at the right time with the best competitor and marketplace data to support their decision-making process, whether they are a small online retailer or multinational market leader.



# THE ESSENTIAL ELEMENTS OF A COMPETITOR MONITORING STRATEGY

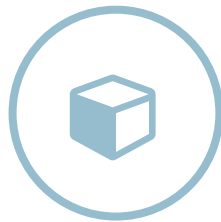


# THE ESSENTIAL ELEMENTS OF A COMPETITOR MONITORING STRATEGY

Any effective competitor monitoring strategy consists of five core elements:



PRICE  
MONITORING



PRODUCT  
MONITORING



PROMOTIONAL  
MONITORING



INVENTORY  
MONITORING



MEDIA/REVIEWS  
MONITORING

Each essential element plays a vital role in identifying opportunities for competitive advantage, determining potentially untapped markets and supporting the overall business strategy for ambitious retailers regardless of size.

## Competitor Price Monitoring

The meteoric growth of ecommerce, driven by our increasingly-connected lifestyles, has been a catalyst for power shift from retailers to consumers, creating an ecosystem where it has never been easier for consumers to quickly compare prices between a wide range of retailers anytime, anywhere and from a multitude of connected devices.

In the absence of any other contributing factor, the lowest price for comparable items for sale across several retailers is a premium sales driver for the typical consumer today. This creates the need for retailers to have a deeper understanding of their competitive environment and the pricing strategies used by the competition.

A 2015 analysis by Boomerang Commerce (founded by former Amazon employee Guru Hariharan), highlighted that Amazon primarily undercuts competitors on the most popular items during a given period, and at the same time increases prices on less popular supplementary items that consumers are already committed to purchasing alongside their primary item.

### Case Study: Amazon



Price monitoring is one of the most popular strategies adopted by smart retailers as they execute their competitive intelligence plans. Unsurprisingly, online retail giant Amazon was famously among the very first to take advantage of price monitoring as an effective strategy to gain competitive advantage. Their strategy has been so successful over the years across all their operational markets that they have enjoyed a reputation for offering the lowest prices available - even when that's not entirely accurate.

A 2015 analysis by Boomerang Commerce (founded by former Amazon employee Guru Hariharan), highlighted that Amazon primarily undercuts competitors on the most popular items during a given period, and at the same time increases prices on less popular supplementary items that consumers are already committed to purchasing alongside their primary item.

This carefully-planned strategy highlights the value of competitive price monitoring and the several ways retailers can adopt it to increase profitability and consumer loyalty - when managed correctly. The opportunities for competitive advantage are ever present, but accurate and comprehensive price monitoring data presents the first opportunity for retailers to keep their 'real' competitors firmly and constantly in sight.



## Competitor Product Monitoring

In addition to monitoring competitor pricing strategies, retailers should also monitor their competitors' product assortment available for sale. Innovation still remains a key driver for many retailers, not just around the physical product but also around how the product is presented and communicated to increase sales. Retailers that have deeper insight of their competitors' assortment portfolio have key competitive advantages. From product launches to discontinued products, smart retailers use this intelligence to stock the right products at the right time.

### Case Study: Ivanka Trump Brands



IVANKA TRUMP

One of the strangest cases in retail product history arrived in the 2017 winter season with the decision by numerous online retailers to halt sales of various Ivanka Trump branded merchandise. Consumers with various political agendas have been boycotting both retailers who continue to sell and retailers who refuse to sell her merchandise, depending on how they feel about her and her controversial father. Retailers like Nordstrom and Neiman Marcus have stated that their decision not to restock Ivanka Trump brands is due to performance issues, but they have also recently been targeted by major consumer boycott campaigns.

Careful competitive monitoring of sales data and media mentions will allow a savvy e-commerce manager to determine whether or not the decision to drop Trump's line has anything to do with political pressure or is actually due to declining sales. Getting involved in political disputes is rarely a good business choice, but purchasing inventory that consumers don't want is never a good competitive strategy and wastes valuable resources that are better directed elsewhere. Conversely, if other retailers drop products that still have high consumer demand, it's the perfect opportunity to capitalise on their mistakes.

## Competitor Promotional Monitoring

For the value-conscious consumer, discounts and other common types of promotions are powerful sales drivers. While many retailers are content to offer the same promotions as their competition, diligent ecommerce managers understand that contentment doesn't create a competitive advantage – but being proactive based on the latest business intelligence does.

A key reason why driven ecommerce managers engage in competitor monitoring is the valuable insight gained from primary data customised for their retail business to aid scenario planning and strategy against forecasted competitor tactics. This could be to either undercut or get a head start on other retailers by offering better discounts or pre-empting and interrupting planned product and event launches.

### Case Study: Black Friday / Cyber Monday

In the United States, the Friday after the Thanksgiving holiday has been transformed into one of the largest retail shopping events of the year, known as Black Friday. At its inception, this event was almost exclusively the province of larger brick-and-mortar retailers who can afford to offer better discounts than many competing smaller online retailers. Eager to capitalise on bargain-hunting customers, clever marketing from online pure play retailers turned the slight online shopping bump that occurred the following Monday into another massively popular shopping day known as Cyber Monday.

Eventually this event was also adopted by larger retailers as a continuation of Black Friday, but this presents the type of opportunity leveraged and exploited by retailers who pay close attention to the promotions of their competitors and think creatively. In 2016, U.S. online sales over the Cyber Monday period totalled a record \$3.45 billion USD according to Adobe Digital Insights, and sales have increased more than 10% every year since 2010. In the UK, where the Black Friday/Cyber Monday phenomenon has grown to last almost an entire week (Black Friday Week), consumers spent an estimated £6.45 billion in 2016 according to online retail analytics firm IMRG.

## Competitor Inventory Monitoring

The globalisation of product supply chains has a direct impact on most ecommerce manager's sales and pricing strategies. It is not uncommon for retailers to experience depleted stock levels for a specific item, but this presents an opportunity for competitors to take advantage - regardless of how short lived the advantage may seem - as long as the advantage is identified and the response is implemented rapidly.

While it's useful year-round, this strategy is especially advantageous during peak purchasing periods such as the Black Friday/Cyber Monday weekend and the holiday season, both of which are incredibly lucrative for online retailers.

### Case Study: Holiday Hatchimals



One of the most prominent examples of the value of stock monitoring happens in the children's toy market during the holiday season, where the most popular toys are often completely sold out of stock well before the shopping season is over. At this point, desperate consumers are willing to pay incredibly inflated prices, but even responsible authorised retailers who sell at the recommended retail price benefit from the heightened demand - even if they're out of stock.

Hatchimals, one of the most popular children's toys of 2016, sold out several times during the holiday season as the manufacturer struggled to keep up with the unparalleled demand from consumers. While some retailers restricted their online sales of the toys or simply turned disappointed customers away, more savvy retailers were aware that every business was out of stock and began selling rainchecks and taking pre-orders for toy shipments that weren't due to arrive until 2017, according to a press release from parent company Spin Master.

## Competitor Reviews & Other Media Monitoring

Media monitoring offers a number of potential opportunities for savvy online retailers. The nature of online retail makes it easy for customers to share both their good experiences and their negative ones, and each can provide opportunities for targeting expansion and converting the competition's customers.

Good reviews of the competition should be carefully analysed to determine what made the interaction a success, and this can be compared and contrasted with the policies and procedures ecommerce managers employ within their own operations. If the competition is being actively praised for a product or feature you don't offer, it can be implemented or offered immediately to negate any advantage it provides them.

Negative reviews also offer unique retail marketing opportunities. Ecommerce managers can use customer frustration with various aspects of their competitors online shopping process to fix issues with their own sales funnel, creating marketing and promotional materials that highlight their key messages against the areas where their business excels over the competition.

### Case Study: RightNow's Retail Consumer Report



A study commissioned by CRM software developer RightNow and conducted by Harris Interactive regarding online holiday shopping experiences showcased the power of careful review management. Out of their sample customer base, 68% of unhappy customers who posted a negative comment on a company's social media page or a review site received a reply from the company. Of those who received a reply, 34% deleted their negative review, 33% replaced their negative review with a positive one, and 18% of them were converted into loyal customers, returning to purchase more from the retailer despite their initial negative experience. 2016 according to online retail analytics firm IMRG.



# METHODS OF COMPETITIVE MONITORING



## METHODS OF COMPETITIVE MONITORING

As with any multi-part strategy, there are several ways that competitive monitoring can be implemented, each with their own strengths and weaknesses. There are two primary methods of monitoring: manual monitoring and automatic monitoring. Automatic monitoring is further subdivided into two smaller implementations, self-service monitoring and full-service monitoring.

### Manual Monitoring

Manual monitoring, typically employed by start-up retailers, is certainly more effective than completely ignoring the competition and carrying out no monitoring activities at all, but this creates a range of potential problems.

The most prominent issue is the incredible amount of time that manual monitoring can take. Start-up retailers generally have minimal human and financial resources, with the operational demands of running a business leaving little to no time for effective competitor monitoring.

Aside from the time commitment of gathering initial data, the task of correlating it all manually introduces yet another level of potential human error, where something as simple as a transposition error could hide a potentially lucrative sales opportunity or create a falsely positive impression of the state of the market. Even combining manual monitoring with some of the general tools available to bargain-hunting consumers could still prove an ineffective method.

Consider the following example of a small photographic equipment retailer attempting to use a manual monitoring strategy:

A basic price comparison search using Google Shopping for a popular product such as the Nikon D7200 DSLR camera will require time to manually verify that all reported prices are for directly comparable offerings. There are incomparable equipment bundle packages, refurbished models, different warranty versions, and competing counterfeit products that must be sorted through, which could take upwards of an hour - all to check the competition's pricing for a single product out of the hundreds or thousands on offer from most photo equipment retailers.



#### Nikon D7200 DSLR Camera with 18-140mm Lens

£793.00 from 3 shops

★★★★★ 790 product reviews

April 2015 · Nikon · DSLR · 24.2 megapixel · Wi-Fi Capable · Weather Sealed · 675 gram · With Video · With Image Stabilisation · CMOS

Megapixel (effective): 24.2 Sensor: CMOS (23.5 x 15.6 mm), 3.92 µm pixel size - Resolution: Max 6000 x 4000 (3: 2) pixel (JPEG / RAW) Interchangeable ...

Other size options: 105mm (£779) 140mm (£798)



#### Nikon D7200 DSLR Camera with AF-P DX NIKKOR 18-55mm Lens

£715.00 from DronesForLess

April 2015 · Nikon · DSLR · With Video

\*Nikon's D7200 is a versatile DX-format DSLR that caters to both still photography and video users. This sensor and processor combination also ...



#### Nikon D800 36.3 MP Digital SLR Camera - Body only

£780.00 used from 5+ shops

★★★★★ 223 product reviews

April 2012 · Nikon · DSLR · 36.3 megapixel · Wi-Fi Capable · Built-in Flash · Detachable Flash · 900 gram · Body Only · With Video

D800, built for today's multimedia photographer includes a groundbreaking 36.3MP FX-format CMOS sensor, Full HD 1080p video at 30/25/24p with ...



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Type: Point & Shoot DSLR Mirrorless System

Sensor Size: Compact Sensor Crop Sensor

The problems of manual monitoring are further compounded by the fact that prices change regularly due to factors such as promotional discounts, inventory changes, new product releases and the price monitoring activities of other retailers. The time investment required to manage all of this is a consistently heavy drain on resources, and it ensures that important opportunities will be overlooked.

## Automated Monitoring

Automated competitor monitoring overcomes almost all the issues created by manual competitor monitoring. By taking advantage of technologies developed specifically for competitor monitoring, any retailer can quickly correlate hundreds, thousands and millions of products, prices and promotions across an entire industry while simultaneously keeping tabs on fluctuating inventory levels and media mentions. The benefits of a comprehensive competitive monitoring truly become apparent. Over time, retailers can use the competitor data gathered to spot trends and patterns automatically presented as graphs and charts, allowing complex data sets to be easily understood and future trends predicted with greater accuracy.

## Self-Service Automated Monitoring

Self-service monitoring is a good way to explore how competitive monitoring strategies can be implemented while keeping cost outlays at a minimum. For small businesses with limited resources or in retail sectors where there isn't a great deal of market fluctuation, this is often the approach that offers the best return on investment.

However, the self-service method does have several issues that limit the effectiveness of the monitoring. The largest issue is the time investment required in order to manage the monitoring data, as every product to be tracked must be manually entered into the database. A slight change in the configuration of a competitor's website can completely block the software from continuing to monitor it, creating an unreliable dataset that can lead to flawed conclusions.

## Full-Service Automated Monitoring

Full service monitoring is the most thorough competitor monitoring solution available, combining all the benefits of automated monitoring with a dedicated account manager who helps to analyse collected data and highlight potential opportunities. Full-service monitoring empowers businesses to use the data to turn prospects to customers and users into buyers.

The only drawback to full-service monitoring is that it may be outside the budget of smaller retailers, who may find that a self-service automated solution is more attuned to their needs. Full-service monitoring can always be adopted in the future as a business grows and the need for a more thorough monitoring solution outpaces the ability of an in-house team to manage it.



# CONCLUSION



 CONCLUSION

The advantages and opportunities presented by competitive monitoring are undeniable, and the inclusion of such a strategy as part of a larger business development plan is essential to compete in the online retail world. The process can be difficult and time-consuming if poorly implemented, but leveraging automated software technologies is an effective way to eliminate these issues while improving the quality of the intelligence data received. This in turn helps ecommerce managers focus their time on developing strategies to gain and sustain a competitive advantage which would otherwise be wasted on manual collation of competitor data.

Competitor Monitor offers a full suite of intelligent tools designed to monitor the five major elements that form a comprehensive competitor monitoring strategy: available products, pricing, relevant promotions, available inventory, and customer reviews / media mentions. Account managers are on hand to help configure the various elements to be tracked, and then to help analyse the data and highlight potential opportunities. Sophisticated autonomous software continuously collates relevant data and ensures that tracking data is always up to date, regardless of how the competition changes their online presence.

Don't waste valuable time on tasks that Competitor Monitor's proprietary software and dedicated support teams can handle with ease - focus on the next expansion opportunity, and build a competitive advantage that will last for years to come.

“

At Competitor Monitor, we track over 20 million products around the clock on 15,000 websites for over 100 clients across the globe.

See how our intuitive Competitor Monitor platform turns complex competitor intelligence into sustainable competitive advantage

”

[GET STARTED HERE](#)



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## ABOUT COMPETITOR MONITOR


Competitor Monitor provides actionable data for intelligent retailers across the globe to outsmart their competitors using our intuitive software platform.

With Competitor Monitor, retailers track their competitor prices, products, promotions, reviews, stock availability, receiving timely alerts around the clock.

We provide intelligent retailers with actionable recommendations, allowing them to take the right action, maximising margins, boost sales and expand their offerings.



TAKE YOUR FIRST STEP TO OUTSMART  
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