

Retailers to Lose More Pricing Control

Written by Bob Snyder
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Sure, the customer is King but that's about to change. Now the customer will become a real Dictator.



Retailers, already facing massive disruption to their business model from the Internet, will now be forced to confront further shifts of power into consumer hands.

Imagine if consumers knew exactly WHEN to purchase a consumer electronics product to minimize their spend? How many consumers would follow pricing cycles to buy cheaper-- and how much would that impact retailer margin?

Oren Etzioni's latest startup, Decide.com applies to consumer electronics and appliances the same science behind Farecast (Etzioni started this travel-fare prediction company and then sold it to Microsoft for Bing.)

Decide analyzes web sources (thousands of sources on the history of prices, the models in the range, even to rumors of new models) to answer the consumer's most important question: **WHEN to buy or wait on their consumer electronics purchases.**

It's similar to some degree with Retrevo but Decide focuses more on "when to buy" rather than "what to buy."

Decide's says its prediction models have become accurate to a very impressive 77%. That's good enough for Decide to create a "Got Your Back" program that offers members this guarantee: if the price drops after a member buys, Decide promises to make up any difference.

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While manufacturers and retailers hope to use the trend to Big Data to improve their sales opportunities, consumers will have their own Big Data sources to buy better and to buy cheaper.

The only unknown (proven by particle physics) is that observation by itself changes behavior: will watching prices also create faster changes in prices? Neither vendor, nor buyer can yet have any idea of the full impact of Big Data insight on retail margins.

In the age of transparent pricing, the customer was crowned King (or Queen). Now, fully armed by Big Data, the customer may instead want to become a real Dictator.

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