November 30, 2012

**Retail Frenzy: Prices on the Web Change Hourly**

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The day before [Thanksgiving](http://topics.nytimes.com/top/reference/timestopics/subjects/t/thanksgiving_day/index.html?inline=nyt-classifier), [Amazon](http://topics.nytimes.com/top/news/business/companies/amazon_inc/index.html?inline=nyt-org) was offering a discounted price of $49.96 on a popular Xbox game, the same price as [Walmart](http://topics.nytimes.com/top/news/business/companies/wal_mart_stores_inc/index.html?inline=nyt-org) and 3 cents lower than [Target](http://topics.nytimes.com/top/news/business/companies/target_corporation/index.html?inline=nyt-org).

Then the holiday pricing shuffle began.

Amazon dropped its price on the game, Dance Central 3, to $24.99 on Thanksgiving Day, matching Best Buy’s “doorbuster” special, and went to $15 once Walmart stores offered the game at that lower price. Amazon then brought the price up, down, down again, up and up again — in all, seven price changes in seven days.

The unluckiest buyer paid more than triple the price that the luckiest buyer paid.

Retail price wars online have entered a new era of speed and precision, creating a confusing landscape for shoppers in which prices leap and plummet on short notice. In the old days, merchants sent employees into competitors’ stores to check on pricing, and days later “sale” signs reflected new markdowns. Now, sophisticated computer programs accomplish the same goal online within hours, and even minutes.

The battle was fierce over the holiday weekend. At the request of The New York Times, the pricing firm Dynamite Data tracked prices at three major online retailers — [Walmart.com](http://walmart.com/), Amazon.com and [Target.com](http://target.com/) — starting the week before Thanksgiving and going through Tuesday, after most heavy promotions ended.

The data shows that retailers paid close attention to competitors’ online prices and in-store specials, battling to undercut one another by as little as 2 cents and forcing each other into out-of-stock positions as they pushed prices down. Retailers fight to have the lowest prices to increase sales volume, aid in search-result prominence and help burnish a thrifty reputation.

“There was definitely some gamesmanship going on,” said Diana Schulz, chief executive of Dynamite Data, which tracks online retail pricing, stock status, ratings and other information for clients like Samsung and Abt Electronics.

While Amazon has long tinkered with prices, its competitors are now fighting back. In the last year, Walmart invested heavily in pricing tools, a Walmart eCommerce spokesman, Dan Toporek, said. Dynamite Data said there had been a marked increase in how much Walmart played with prices, and smaller retailers, including GameStop, Best Buy and Toys “R” Us, were now also adjusting some prices at least daily.

The goal is to attract shoppers with competitively priced products that show up on Web searches, but there is risk, too: some consumers tire of price whiplash.

“People are starting to realize, ‘I can’t trust the price I’m getting, because it might change,’ ” a pricing consultant, Rafi Mohammed, said. Shoppers have few ways to gain an advantage — ordering the same product at different prices requires expensive return shipments — but Mr. Mohammed said retailers had an opportunity to soothe consumers by offering refunds for price adjustments.

The parrying could be seen with a Nintendo game, Mario Kart DS.

A week before Thanksgiving, the retailers’ prices varied, with Amazon selling it at $29.17, Walmart at $40.88, and Target at $33.99, according to Dynamite Data. Through Thanksgiving, as Target kept the price stable, Walmart changed prices six times, and Amazon five. On Thanksgiving itself, Walmart marked down the price to its advertised $29.96, which Amazon matched.

Ms. Schulz said sophisticated retailers set algorithms to change prices in response to competitors. “Retailers pipe a bunch of information in electronically, like internal information — cost, availability of inventory, sales goals,” along with competitors’ prices, she said.

The software also lets retailers establish rules on the pricing of certain products: always price Furbys 5 percent below Kmart, for example, or make sure some goods are priced at an average of Amazon’s and Walmart’s prices. Generally, pricing managers also manually adjust prices.

Mr. Toporek said [Walmart.com](http://walmart.com/) used a combination of computer tools and human adjustments. On popular items, like Walmart’s best sellers, the site tries to “maintain low prices on the items people want the most,” meaning it usually responds to competitors’ price changes.

Mr. Toporek said, however, that the site also tried not to jostle shoppers.

“Clearly we are making changes, but it’s not the kind of constant change you’re seeing on some other sites,” he said. An Amazon spokeswoman, Pia Arthur, declined to offer details on Amazon’s pricing strategy, and said in an e-mail that the company was “working hard to meet or beat the lowest prices out there.” Target declined to comment.

A retailer can increase its sales volume when it has the lowest prices, especially because it will appear prominently in price comparison tools. For the children’s tablet LeapPad1 Explorer, for instance, Walmart appeared to be purposely undercutting Amazon, even if by a matter of pennies. When Amazon offered the tablet for $59.99 on the Monday before Thanksgiving, Walmart priced it at $59.97. On the Sunday after Thanksgiving, Amazon raised the price to $69.99, and Walmart followed, going to $69.97.

Sometimes a retailer cuts prices to tempt a competitor into offering a money-losing price and depleting its inventory. “They’ll wait until their competitor has sold out, and jump back into the game when the prices rise a little bit,” said Ms. Schulz of Dynamite Data.

While Target did not appear to shift prices nearly as frequently as Walmart and Amazon, it offered specials that spurred competitors into action. For a game called Telestrations, Walmart kept its price at $24.99 for the week. Amazon tried different prices, from $23.24 to $26.39, in the week before Thanksgiving, while Target held steady at $24.99. But when Target lowered the price to $18 on [Black Friday](http://topics.nytimes.com/top/reference/timestopics/subjects/r/retail_stores_and_trade/black_friday/index.html?inline=nyt-classifier), Amazon matched it.

Decide.com, which offers consumers a tool suggesting when to buy, said that the retailers with the most volatile pricing included Buy.com, Amazon, Walmart, Best Buy and Sears. The most volatile product categories include games and consoles, printers, headphones, cameras, TVs and refrigerators.

Dynamite Data also found that while many Amazon promotions over the weekend were at or near the lowest prices of the year, some were not that great — even compared to Amazon itself.

A Bodum wok, for instance, was priced at $119.95 before Thanksgiving, and Amazon offered a so-called lightning deal on Black Friday for $94.99. That seemed like a huge discount — except that the same wok sold on Amazon for $59.99 just a few months ago.

Some promoted discounts at Amazon, moreover, appeared steeper because the base price was increased before the Thanksgiving week markdown, Dynamite Data said. A Hewlett-Packard Envy notebook that cost $1,099.99 on Nov. 10, for example, was marked up to $1,179.97 by Nov. 20. That day, Amazon offered a limited-time deal at $849.99, a 28 percent discount from the marked-up price, but only 23 percent less than the Nov. 10 price.

Consumers seemed good at evaluating deals, though. Later that week, Amazon offered another deal on that Envy computer, at $1,049.99. According to Dynamite Data, the sell-through rate was much slower than at $849.99. “Consumers are becoming more savvy shoppers,” Ms. Schulz said.

http://www.nytimes.com/2012/12/01/business/online-retailers-rush-to-adjust-prices-in-real-time.html?pagewanted=all&\_r=0