

Building a Smarter Pricing Function: A Starter Guide

PRICING AHEAD IN 2026



Introduction:

Why Pricing Can't Wait

In modern retail, your price isn't just a number: it's your loudest message. It tells shoppers, competitors, and investors exactly who you are: bold or cautious, premium or value-driven, modern or outdated.

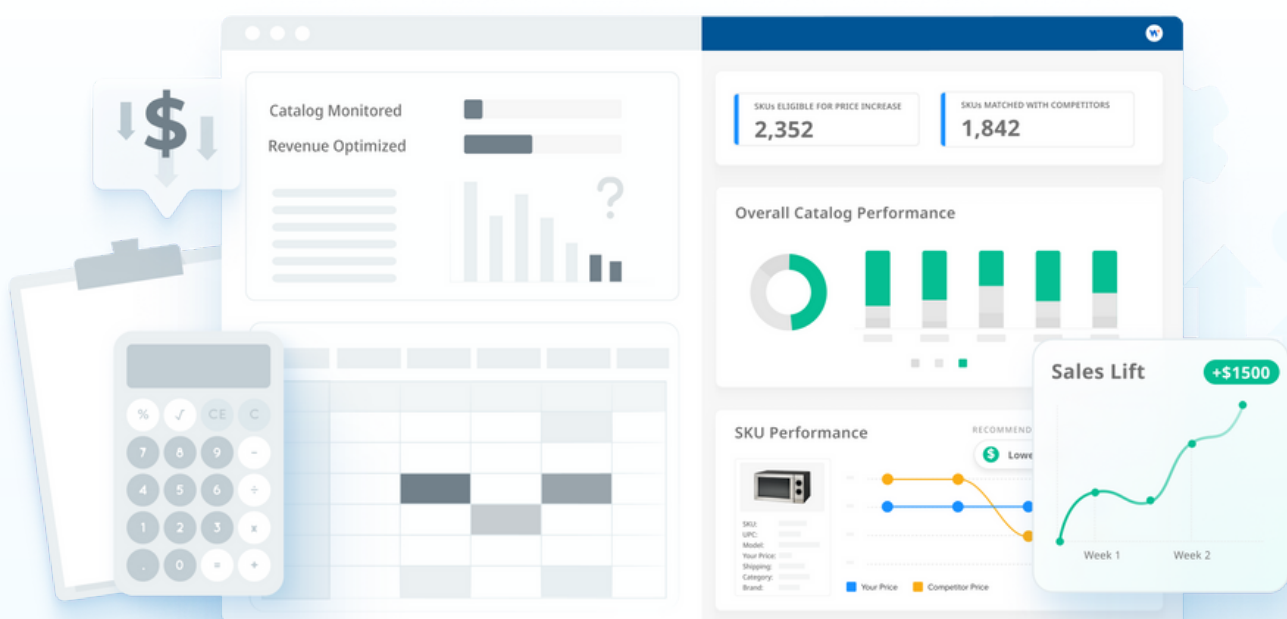
Yet most growing retailers still rely on manual spreadsheets, disconnected tools, and gut instinct, resulting in lost margin, confused shoppers, and a constant game of catch-up. If your pricing still lives in Excel, it's time for a smarter play.

This guide will show you how to:

- Build a scalable pricing function that grows with you.
- Move from reactive to proactive.
- Align teams across eCommerce, marketing, and finance.
- Protect your margins without losing customer trust.

The truth is simple: pricing is strategy.

And in 2026, it's the strategy that separates the winners from everyone else.



Five Common Pricing Barriers

Many retailers don't struggle for lack of insight, but because their pricing operations aren't built to scale. Common barriers include:

1. Manual Processes

Pricing data lives in spreadsheets, collected manually using unstable scraping tools, making decisions slow, error-prone and based on outdated or partial information.

2. Cost-Plus Pricing

Flat markups ignore market signals, customer willingness to pay, and competitive positioning. This approach leaves potential margin on the table and weakens competitive response.

3. Siloed Ownership

Pricing often sits apart in finance, category management, or marketing. Limited collaboration leads to missed opportunities and inconsistent strategies.

4. Infrequent Adjustments

Quarterly or seasonal updates can't keep pace with market shifts, competitor moves, or changes in demand, creating vulnerability to more agile competitors.

5. Reactive Mindset

Without proactive monitoring, competitor price changes are noticed after sales are affected. Once impact becomes visible in reporting, the opportunity to respond effectively has passed.

These barriers erode margin, waste promotional spend, confuse customers, and hinder scalability. Addressing even one can meaningfully improve pricing performance and business results.

Building A Modern Pricing Foundation:

The Core Components

Transforming pricing does not require a wholesale overhaul. A modern foundation can be built incrementally through five key components:

Key Considerations



Automation Basics

Use rule-based alerts and reporting to replace repetitive manual work and ensure consistency.



Centralized Data Operations

Create a single source of truth combining cost data, competitive information, inventory status, and sales performance.



Real-Time Competitive Visibility

Track prices daily across key channels focusing on top-revenue, price-sensitive SKUs and frequently promoted products.



KPI-Focused Reporting

Monitor essential metrics (margin, price index, promo effectiveness, elasticity) and review regularly.



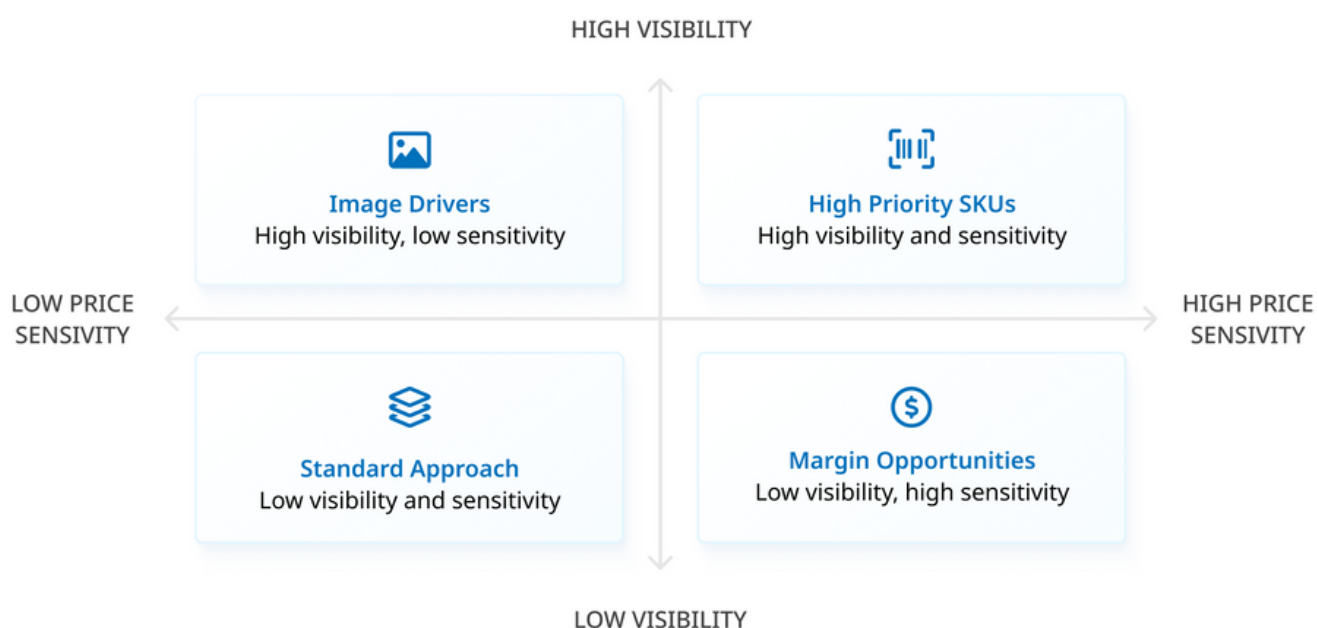
Pricing Playbooks

Document pricing logic by category. E.g: "If competitor drops price by >10% on KVIs, match in 24hrs." Ensure "good/better/best" tiers are priced consistently and that brands and private labels tell a coherent story.

Step 1:

Identify Price-Influential SKUs

Not every product requires equal pricing attention. The most effective pricing strategies begin by identifying the SKUs that most influence customer perception, margin, and traffic.



Concentrate initial pricing efforts on the following categories:

- **Traffic Drivers**

Products that attract shoppers to your store or site. Small price shifts here can strongly impact visibility and demand. Competitive benchmarking is key, as customers often compare prices across retailers.

- **Margin Contributors**

Items that drive profitability, typically less price-sensitive and often suitable for premium positioning. Optimizing these SKUs can offset pressure in more competitive categories.

- **Price Perception Shapers**

KVIs that shape how customers perceive your pricing fairness. Frequently purchased and memorable, these products form define your overall value image.

Develop clear, category-specific playbooks outlining pricing approvals, data sources, reviews cadence, and promo evaluation. Start with your top 100 SKUs and expand as processes mature.

Step 2:

Clean Up Pricing Inconsistencies

Inconsistency across pricing channels, online, in-store, or marketplace, creates confusion and erodes customer trust. Conduct a comprehensive audit to compare pricing across all touchpoints, including:



Online versus in-store pricing



Mobile app versus desktop pricing



Marketplace versus owned-channel pricing



List price versus promotional or loyalty prices



Regional or location-based price variations



Point-of-sale system prices vs. eCommerce platform prices

Inconsistencies often emerge as organizations expand channels and systems without unified governance. To address this, establish a pricing source of truth and enforce standard data synchronization across platforms.

Step 2:

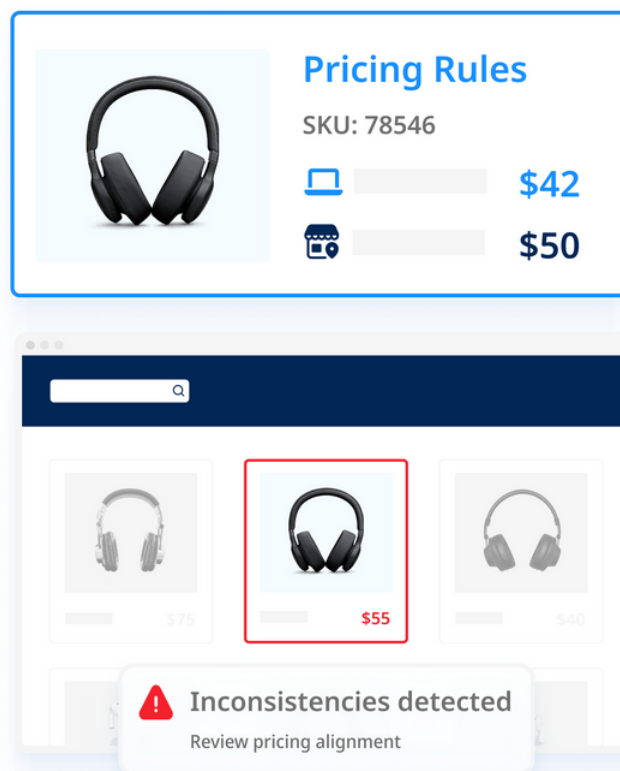
Clean Up Pricing Inconsistencies

Today's consumers are hyper-aware of pricing inconsistencies.

71% of shoppers use smartphones to compare prices while in physical stores, and **68%** will abandon a purchase if they find pricing discrepancies across channels. Each inconsistency erodes trust in your overall value proposition.

To systematically address these issues:

- 1 Document all current pricing sources and systems.
- 2 Identify a single "source of truth" for canonical pricing data.
- 3 Establish clear rules for intentional pricing differences (e.g., marketplace pricing that accounts for platform fees).
- 4 Implement regular auditing to catch new inconsistencies before customers do.
- 5 Establish governance for approving channel-specific pricing strategies.



Consistency doesn't mean uniformity. Strategic differentiation remains valuable when it aligns with brand and channel strategy. The goal is to remove accidental inconsistencies while maintaining deliberate, explainable differences.

Step 3:

Simplify Promotion Calendars

Promotions are one of the largest sources of pricing complexity and margin erosion. Without structure, discounts multiply, confuse customers, and train them to wait for deals rather than buy at full price.

Start by **mapping your current promotional activity** across all channels to identify:



Then, **refocus on three principles** for sustainable promotional management:



Strategic Calendar Planning

Balance activity year-round to maintain demand and margin.
Focus monitoring on peak shopping periods to maintain competitiveness.



ROI Measurement

Evaluate promotions by incremental profit, not sales lift alone. Track full-price cannibalization, repeat purchase shifts, and total margin impact.



Targeted Approach

Shift from broad, store-wide discounts to focused initiatives: category-specific offers, new-customer incentives, or loyalty-driven rewards.

Disciplined promotional planning ensures clarity, protects brand equity, and preserves margin while maintaining customer engagement.

Step 4:

Launch a 60-Day Pricing Pilot

A full pricing transformation is daunting. A structured 60-day pilot offers a low-risk way to test new methods, prove value, and build alignment before scaling. Execute effectively:

01 Define Pilot Scope

Select 10–20 SKUs that represent a cross-section of your assortment—highly competitive products, key margin drivers, and perception-shaping items.

02 Set Success Metrics

Establish clear KPIs such as price accuracy, responsiveness, margin impact, and sales velocity. Document baseline performance before launch.

03 Implement Tracking & Rules

Activate automated competitor tracking and rule-based alerts. Define actions for each event, approval workflows, and timing for execution.

04 Review & Refine

Conduct weekly evaluations to capture learnings, refine processes, and adjust decision thresholds.

05 Scale What Works

At the conclusion of the pilot, identify which components drove measurable improvement and plan their extension across additional categories.

A focused pilot accelerates learning, reduces risk, and creates tangible data to support broader pricing investment.

Step 5:

Assign Cross-Functional Ownership

Pricing impacts nearly every retail function, from merchandising, to finance, to marketing. Without clear ownership and governance, decisions become fragmented and inconsistent, eroding both margin and brand trust. To strengthen pricing discipline:

Establish a Pricing Committee

Form a cross-functional team that meets regularly to review performance, address exceptions, and align on strategy:

- Merchandising
- Category management
- Finance
- Digital
- Store operations

Designate a Central Pricing Owner

Appoint a dedicated pricing manager or team to coordinate across departments, ensuring strategic oversight and process continuity as the business scales.

Define Decision Rights

Clarify who has authority to approve regular price changes, promotional discounts, and competitive responses.

A **RACI matrix** (Responsible, Accountable, Consulted, Informed) can formalize accountability and reduce ambiguity.

Standardize Communication Protocols

Develop clear processes for sharing pricing updates across teams, including:

- Templates for price change notifications.
- Lead times required for implementation.
- Escalation for urgent competitive responses.
- Documentation of pricing rationales for future reference.

Unified governance transforms pricing from a fragmented process into a strategic capability.

	Pricing Manager	Head of Sales	Pricing Analyst	Finance
Regular Price Changes	R	A	C	I
Promotional Discounts	R	A	C	C
Competitive Responses	C	A	R	I

Measuring What Matters:

Key Pricing KPIs

Effective pricing requires precise measurement.

Many organizations focus narrowly on revenue or units sold, overlooking the metrics that reveal true pricing performance.

A comprehensive approach combines profitability, competitiveness, perception, and responsiveness.

4.3%

Average Margin Improvement

Retailers implementing structured pricing approaches typically achieve gross-margin gains of 2–8% within year 1.

67%

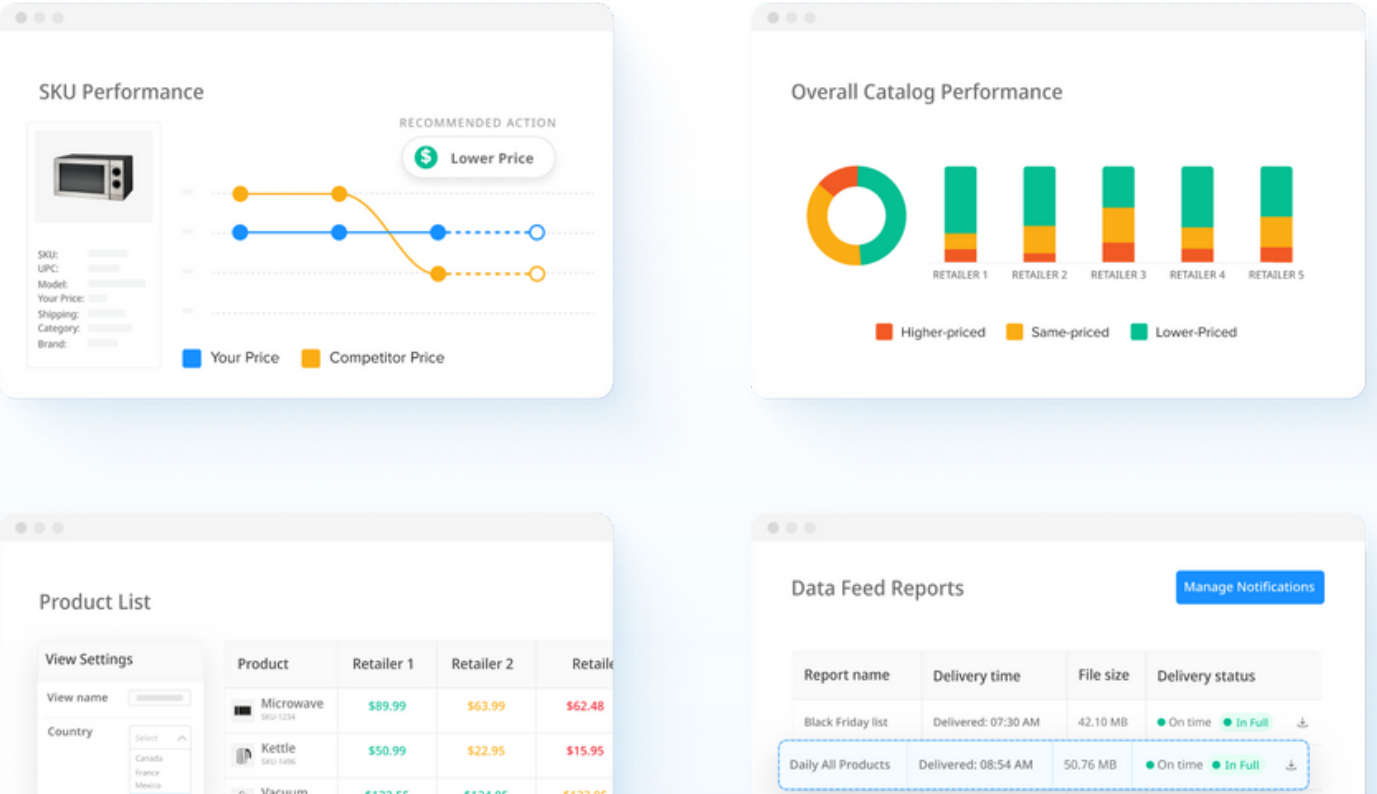
Competitive Price Accuracy

The % of your assortment priced appropriately relative to competitors based on strategic positioning.

1.4x

Promotion Effectiveness

The ratio of incremental profit generated by promotions compared with discount investment.



Measuring What Matters:

Key Pricing KPIs

Beyond these headline metrics, develop a balanced scorecard of pricing KPIs that include:

	Key Indicators	What It Tells You
Profitability Metrics	Gross margin, contribution margin, margin rate, margin dollars	How pricing decisions impact bottom-line profitability across products and categories
Competitive Positioning	Price index vs. competitors, match/gap analysis, win rate on key items	How your pricing compares to market alternatives and impacts your value proposition
Price Perception	Customer price perception surveys, price fairness ratings, price-related reviews	How customers perceive your pricing relative to value delivered and expectations
Promotion Effectiveness	Lift analysis, cannibalization rate, margin dilution, incremental units	The true ROI of promotional investments beyond simple sales volume
Elasticity Indicators	Volume response to price changes, cross-item elasticity, category elasticity	How sensitive your customers are to price changes across different products

Omnichannel Consistency:

Building Customer Trust

Today's shoppers interact with brands across multiple touchpoints—stores, websites, apps, and marketplaces.

Inconsistent pricing across these channels creates confusion, undermines confidence, and directly impacts conversion.

Omnichannel consistency does not mean identical pricing everywhere. It means that any differences are deliberate, explainable, and aligned with strategy.



Audit Pricing



Set Pricing Architecture



Implement Technology



Develop Promotion Rules



Communicate Transparently

Omnichannel Consistency:

Building Customer Trust

Principles for Consistent, Trustworthy Pricing:



Align Channel Economics:

Each channel carries distinct cost structures. Reflect these differences transparently while maintaining coherence across the overall assortment.



Meet Customer Expectations:

Shoppers expect certain relationships between online and in-store prices. Consistency with industry norms prevents perception gaps that damage trust.



Communicate Transparency:

When prices vary, provide context. Labels such as “Online Exclusive” or “In-Store Special” maintain clarity and credibility.



Coordinate Promotions:

Synchronize promotional calendars to avoid contradictory offers between channels. If channel-specific discounts exist, state them clearly.

The cost of omnichannel inconsistency is high.

Research shows that **64%** of shoppers who encounter unexplained price differences lose trust in that brand, and **43%** are less likely to complete a purchase.

A unified omnichannel pricing strategy signals reliability and strengthens long-term loyalty.

Forecasting and Proactive Pricing: Moving Beyond Reactivity

Mature pricing organizations do more than respond to market changes: they anticipate them. Proactive pricing enables faster adaptation to demand shifts, cost pressures, and competitor actions.

Core Components of Proactive Pricing:



Demand Pattern Analysis

Identify predictable trends by season, week, or even time of day. Use these insights to plan pricing adjustments ahead of peak or slow periods.



Cost Trajectory Mapping

Collaborate with suppliers to forecast upcoming changes in raw materials, logistics, and manufacturing costs. Adjust pricing in advance to preserve margins.



Competitive Cycle Tracking

Monitor competitor pricing behaviors around major events (product launches, promotions, and clearance periods) to forecast likely moves and plan responses.



Early Warning Systems

Track leading indicators such as supplier updates, industry news, and inventory buildup to detect changes before they affect performance.

Even basic forecasting creates measurable advantage over reactive pricing.

As analytics capabilities evolve, machine learning models can enhance predictive accuracy and enable dynamic decision-making at scale.

Clear Pricing Guidelines:

Ensuring Consistency and Transparency

As pricing evolves from ad hoc decisions to a defined strategic process, clear guidelines become essential.

Documented pricing principles ensure **consistency across teams, protect margin integrity, and preserve institutional knowledge** during organizational change.

Pricing Philosophy

Your overarching approach and market positioning.

Category Strategies

Specific approaches for different product categories.

Tactical Rules

Day-to-day operational guidance for pricing decisions.

Exception Protocols

Processes for handling special cases and overrides.

Clear Pricing Guidelines:

Ensuring Consistency and Transparency

Core Elements of Effective Pricing Guidelines:

	Description	Example
Brand Positioning	How pricing reflects your overall market position	<i>"Premium pricing with selective competitive matching on key value items"</i>
Competitive Response Rules	When and how to respond to competitor price changes	<i>"Match within 5% on traffic drivers; maintain premium on exclusive items"</i>
Margin Guardrails	Minimum acceptable margins by category	<i>"Category A: minimum 35% margin; Category B: minimum 28% margin"</i>
Promotional Framework	Rules for promotional depth, frequency, and stacking	<i>"Maximum 2 promotions per category per month; maximum 40% discount"</i>
Channel Strategy	Approach to pricing across different sales channels	<i>"DTC channels maintain 10% premium over marketplace pricing"</i>
Product Lifecycle Pricing	How pricing evolves from launch through maturity to clearance	<i>"New arrivals: full price for 60 days; mid-season: selective promotions; end-of-season: clearance schedule"</i>
Approval Matrix	Who has authority to make different pricing decisions	<i>"CatMan approves ≤15% change; Director approval required beyond."</i>

Your Path Forward:

Taking the Next Steps

Creating a smarter pricing function is an ongoing process, not a single project. Sustainable success depends on building the capabilities that support both speed and discipline.



Speed

Implement automation to detect and respond to market shifts rapidly. Even partial automation can produce immediate competitive advantage.



Structure

Define clear ownership, workflows, and governance frameworks to ensure that pricing decisions consistently align with business strategy.



Clarity

Establish transparent logic for pricing decisions. When all stakeholders understand the rationale behind changes, execution becomes faster and more precise.



Trust in Inputs

Invest in clean, unified data sources to ensure accuracy across pricing, promotions, and analytics. Reliable inputs are the foundation of sound decision-making.

Pricing is a core driver of brand perception, profitability, and agility. By focusing on visibility, automation, and governance, retailers can move from reactive adjustments to proactive, data-informed strategies.

Start small. Automate one process. Standardize one workflow. Create one source of truth. Each improvement compounds into measurable growth and stronger competitive positioning.



About Wiser Solutions

Wiser Solutions is the global leader in omnichannel retail intelligence, empowering over 750 global brands and retailers to gain a decisive advantage at every consumer decision point. Every day, Wiser collects and analyzes billions of online and in-store data points with 98% accuracy, offering a single trusted source of insights into pricing dynamics, promotional effectiveness, competitive activity, and retail execution. Their portfolio of market-proven solutions equips brands and retailers to proactively guide, not just follow, the consumer journey, ensuring optimal visibility, execution, and profitability across every retail touchpoint.



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