



Case study | Household goods

Reducing price wars in direct-to-retail business through new distribution strategy

Initial situation

Our client encountered a grown direct-to-retail structure on Amazon, with a multitude of sellers distributing products without any checks or guidelines. This led to significant issues such as price erosion, duplicate listings, and the spread of false product information, which impaired brand perception and loyalty.



Goals

The primary goal of the manufacturer was to stop the downward price spiral and establish stable pricing for its products on Amazon. Additionally, the manufacturer aimed to gain control over the listings and the sales process to preserve brand integrity and improve consumer experience.

Measures

eBazaaris recommended a strategic approach that takes into account the special legal framework conditions in Europe:

- Developing a strategy for communication and interaction with the sellers.
- Identifying particularly active and price-aggressive sellers on Amazon to specifically address them, inform them about the negative impacts of the price war, and convince them of the manufacturer's marketplace strategy.
- Continuously monitoring sellers and adjusting business relationships if agreements are not adhered to.

Outcomes

The measures taken by eBazaaris led to the majority of sellers adjusting their prices to a stable level or withdrawing from sales. Sellers who continued to not comply with the pricing guidelines were excluded from supply. For new sellers, the manufacturer implemented a policy that clearly communicated the marketplace strategy from the start and made the consequences of violations clear. This enabled the manufacturer to stop the price spiral and establish stable pricing.

Key takeaway

The collaboration with eBazaaris enabled the brand manufacturer to regain control over its product presentation and distribution on Amazon. By establishing clear communication lines and guidelines for sellers, consistently monitoring, and adjusting business relationships, stable pricing was achieved, and brand integrity was secured. This case study demonstrates the importance of a strategic approach to online sales and the necessity to proactively address challenges in the E-commerce environment.



About eBazaaris

Since 2016, eBazaaris provides brand owners with a comprehensive approach to evaluating, developing and managing ecommerce marketplaces and social media platforms in Europe.

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