



Price Points: Executive Insights

*A Series of Thought Leadership Interviews with Industry Experts
conducted by Kevin Johnson & Maria Akhter*

Bob Ramsey on

“Internet Retail &
Competitive Strategy”

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Bob Ramsey (Bio)



Bob Ramsey is the Chief Operating Officer for Bailey's, an online retailer for professional outdoor work gear and equipment. He has spent over thirty years in the retail industry, beginning his professional journey working for family-owned stores. He has spent the bulk of his career working in various departments within Raley's: Training, Human Resources, Merchandising and Data Warehouse. He claims the most interesting aspect of his job is learning from and navigating a relationship with Amazon. Bob holds a unique perspective on creating an effective pricing strategy for a niche marketplace such as Bailey's, and he hopes to work with Engage3 to collect competitive data and continue to strengthen Bailey's relationship with its customers.

Perspectives on Pricing

Q: Can you describe Bailey's relationship with competitive intelligence technology?

A: Bailey's is a small company. We're an Internet retailer, as 95% of our sales are online. When I first started at Bailey's, I was happy that we had customer data. Since we ship everything we sell, I know where customers live if I shipped them something. Bailey's is markedly different from a competitive standpoint because Bailey's sells a unique assortment. I've poked at competitive data quite unsuccessfully because people who collect competitive data aren't chasing small retailers with obscure merchandise.

Q: What's Bailey's relationship with Amazon's competitive pricing strategies?

A: I have 21,000 items listed on Amazon which is the bulk of our activity. Of the 21,000 items, we change retail 12 times a day. I pull a competitive check from Amazon 3 times an hour, 12 times a day. The Bailey's website doesn't have anything to do with the pricing on Amazon because it can't. There are two pricing modules going on. From a standpoint of Amazon, we watch Amazon's Buy Box price, and we use it for some of our own pricing. The theory of competitive data is to check data to see how much you can charge. The real outcome of competitive data is letting me know where I can charge more and where I want to charge less.

Q: What are the most important aspects of Bailey's pricing culture?

A: We're not trying to be the cheapest people. We're trying to find the price at which we don't make customers buy the product from someone else. I'm never going to compete with Amazon for a shopping experience, since Baileys is a niche company. I made three years of effort to sell more basic goods under heading that more basic goods have more interest to people. But Amazon took that in 2012. So we're heading back towards being a niche marketplace for people that are looking for a certain type of product. We're tending to cater individually to groups. We run a commercial site. On the site, we'll match anybody's price. For frequent shoppers, we'll match prices. But irregular buyers pay whatever is on the website.

Q: What are some of the most popular consumer trends you've noticed in the past year? And how does Bailey's adapt to those trends?

A: The most popular consumer trend in the past year is to abandon everywhere you've shopped before and instead shop on Amazon. Bailey's adaptation to that is the same adaptation that brick and mortar people made with Walmart, which is if you want to survive, differentiate yourself. We still print in-mail ads. The only reason I print and mail them is because Amazon doesn't do that. We deliver our products in a convenient way.

Q: What is Bailey's pricing mission?

A: The pricing strategy of Baileys says that it will be profitable and it will make money, regardless of prices we charge. We will make our budget. Because the budget is what allows us to be fun and stay in business. Last year we had the best year we've ever had.

Q: You worked for Engage3 a few years ago. What was the company like back then and how has it changed?

A: I've known Ken (CEO of Engage3) since he graduated college. When Ken started with price optimization, he was the only one doing it. It was a new term. I see Ken once and awhile but the company itself has morphed several times, and his current pattern is the best. It's a great retail function. There's a gap between functional retail and theoretical retailer, and Ken will be most successful with what he's doing now because he's working on the functions for a retailer. It will resonate with 55-years-old men who are retailers. You have to go to the retailer and tell them that you're not going to teach them to do it differently but that you're going to teach them how to do what they want to do better.

Q: Bailey's will be the first customer of Engage3's new "personalized promotions." Why have you decided to partner with Engage3 on this project and what outcomes are you hoping for?

A: Ken's bet to me was that Engage3 could teach me things that I should be doing that I'm not doing. So we're doing the project under the heading of understanding e-commerce. The lure is that it's a one-on-one relationship with the customer. There has to be a better way to be relevant and relate to customers and touch them. I have to find a way to connect to the customer. Ken says he can help me with that.

Q: What about your job makes you the most excited to come in every morning?

A: The most interesting thing about my job is Amazon. They're amazing. I've learned more about retail from Amazon in the last two years than I have in 10 years. From a retailer's perspective, I find them amazing, and I'm impressed by what they do next.

Q: What are some things you enjoy outside of work? How do you spend your free time?

A: I have a ski boat.

Q: When you were younger, what was your dream job? If you were to switch careers now, what would your dream job be?

A: Anything but retail. If I could do it again, I would've stuck with computer programming.

Q: How do you think Bailey's will change in the next five years, and how do you see this change coming about?

A: Bailey's is going to move further away from Amazon. We're going to move away from competing with Amazon prices and continue to differentiate ourselves.