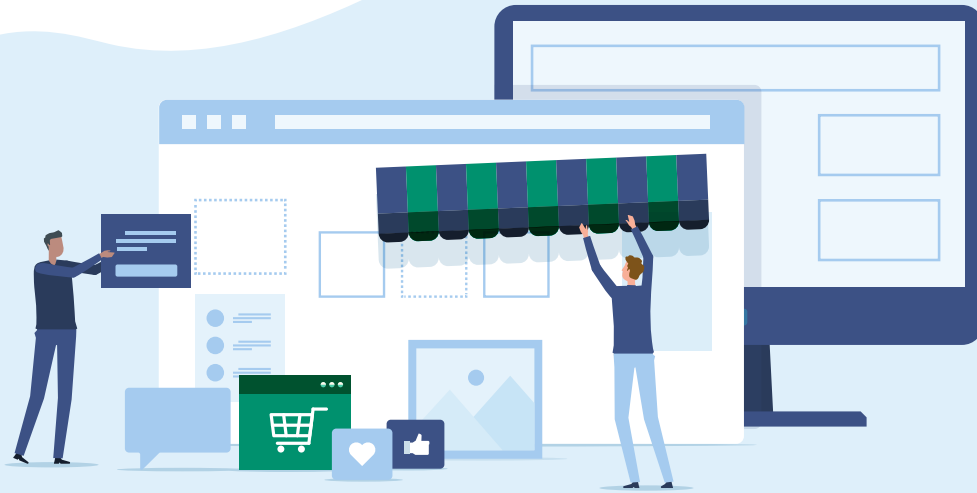


Competitive Dynamics of Online and Brick-and-Mortar Retail Prices



Prices charged by brick-and-mortar retail channels tend to correspond closely to those charged online – **good news for consumers, who benefit from a competitive retail landscape through lower prices and diverse venue options.**

This is a key finding in an economic study by the Brattle Group analyzing nationwide price and volume aggregates alongside hand-collected price observations from individual retail locations. **The study found that both channels fiercely compete on price.**

Online and offline prices appear to be tightly constrained by one another. This means that consumers online see similar pricing trends as those shopping offline, and the competition between different retailers is equally vigorous online as in the traditional brick-and-mortar marketplace.

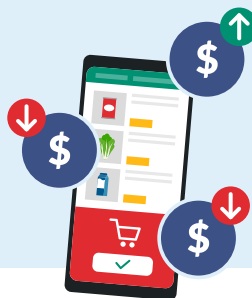
Regulation affecting online commerce is expected to affect prices in brick-and-mortar stores, and vice versa, due to the quick response of one channel to price changes in the other channel. The increasing popularity of omnichannel shopping, whereby consumers mix and match online and offline components of their shopping journey, also may encourage convergence between online and offline prices.

Key Takeaways

Online and offline prices are identical 95% of the time for the same product, retailer, location, and date.



Online prices rarely deviate away from brick-and-mortar prices, but when they do, they can deviate both upwards and downwards.



Both channels experience increases and decreases in dollar sales at the same time and to the same degree.

