



WHAT'S TRENDING



**ALEX SHARTSIS, CEO**

**PERFECT PRICE**

A PRICE OPTIMIZATION TOOL  
DESIGNED FOR SMALL TO  
MID-SIZE COMPANIES  
TO OPTIMIZE  
INFRASTRUCTURE  
AND DETERMINE  
THE PERFECT PRICE POINT  
PER ITEM IN ANY GIVEN WEEK

Q&A: WHAT'S TRENDING  WITH **ALEX SHARTSIS**, CO-FOUNDER & CEO  
 **PERFECTPRICE**

This week we interviewed Alex Shartsis, Co-Founder and CEO of Perfect Price, a price optimization tool designed for small to mid-size companies to optimize infrastructure and determine the perfect price point per item in any given week.

**Q: Alex, without question determining a price point and knowing the best way to adjust for comps is crucial to a company's bottom line, and can be a very sophisticated and tedious process. How integral a part of a company's infrastructure do you see yourselves?**

**A:** *I've evaluated prices for a lot of startups, and I would say they're a great example of how well our service works and how important it is. Price an item too high and the customer won't buy. Price it too low and your customer base changes, and you potentially lose money. In some cases we've actually increased a price of service by 20 times and retailers were shocked to learn that the customer was still willing to pay for it.*

*The key to knowing the best price is to fully understand consumer behavior.*

*It's hard to figure out what a consumer is willing to pay. Using statistics alone is complicated, time consuming and not easy to get right. You can't just ask a customer how much they're willing to pay, so you end up having to test for prices. If a company only has one product, appropriate pricing is a bit more straightforward. But if that company has 2-3,000 products it becomes a difficult task to solve. Most companies either hack something together or simply do nothing. This is where we solve your problem.*

*We harness powerful, predictive analytics—and put them within our customer's control.*

**Q: You define price optimization as “the science of leveraging data about your business to drive more revenue or margin, by adjusting the price you charge customers.” Tell me how you select and collect the data you use and what consumer metrics you adjust toward.**

**A:** *From the client's standpoint, they already have most of the data they need, they just need to know how to leverage that data. If you're an e-commerce site, it's much more straightforward because you know what the customer is doing—what they click on, buy, don't buy. And this data is interesting when you want to get an idea of what makes them tick. Unfortunately there is no way to holistically look at a company's entire portfolio by this means, or to determine how activity on one product affects another.*

*One line of our Javascript takes just 15 minutes to set up. So rather than asking people to trust our product, we show them—for free—immediately how useful we will be to them. We actually install one line of code, give them a chance to see how useful the data we collect is—conversion rates by product in real time—and they can see the benefits for themselves.*

**Q: What kind of data do you collect?**

**A:** *We collect every type of data available from the activities of website users, and build a model that immediately understands behaviors across similar items (like what a price consultant might do in Excel—but much more comprehensive and easier to use). This model can then use similar and clustered items to deliver “what if” scenarios that show what will happen if you change individual prices. For instance, if you sell socks, and you decide to change the price of this one particular type or brand of sock, we can anticipate what will happen because we know the activity of customer patterns, based on other similar socks that you have. If you need to get rid of inventory on that sock this week, we’ll help you determine what price you should use to sell it off and maintain margin.*

*We build out our models from a platform that is already fully populated with macro third-party data such as weather, quarterly retail points, and competitive pricing.*

**Q: How do you improve a client’s ROI and how does the client measure this?**


**A:** *One of our first clients did a test run with us before buying, during which time we looked at a few of their products. They launched before the system was fully built, so it took about 3 weeks to complete the test—from the point of installation to reading results. They saw a 23% improvement in tests vs. control.*

*The great thing about Perfect Price is that our algorithm already calculates improvement in ROI. Because we have your “before” numbers, you can see the improvement when we compare to your “after” numbers. And just to be completely accurate in our data collection and analysis, we can include/exclude certain stores, data points, etc.*


*We have very proven ways of conducting test and control that can be effective for large or small businesses.*

**Q: You’ve talked about working with startups but is Perfect Price an effective tool for larger companies?**


**A:** *We come from a background of search optimization for ads. We are used to big data. We deal with billions of data points every day. We are excited about supporting smaller customers in the \$10-50million/year revenue range, but our technology will work even better for much larger customers. Simply put—the more data points, more sales, more real time—the bigger and better our results.*



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**Q: Tell me how your “Test and Control” framework benefits and protects the retailer**

**A:** *Most businesses can't just do an AB test, where you show two groups two different prices for the same item, for obvious practical and legal reasons. At a basic level, we give our customers the ability to test things in a controlled environment. Once we establish a starting point—an item at a set price for a set market—we can then change the pricing structure. For example, if after a week, we change the pricing for said controlled test group, it's easy to do the math to see if there has been an improvement or if sales have fluctuated down. If there has been an improvement, we can determine if the price change actually influenced the performance of the test group, or if the positive results were driven by macro factors affecting the entire business.*

**Q: How do you measure online sales vs. in store sales?**

**A:** *We would start with in-store analytics, and have more detailed top-of-funnel data. We have point of sale integrations as well as data-collecting platforms. Store data is missing some of the behavioral indicators we get online – adding to a cart, for example—so if a retailer doesn't sell online it helps if they have a large store footprint to have enough data.*

*In reviewing in-store data from one of the country's largest five retailers, we saw a lot of variation in price, even within the same zip code, store to store. We can show you value from your own data –you may already be running a price test without realizing it. We help capture that data and turn it into margin and revenue improvements.*

**Q: Your background is in ad search optimization. Do some of the systems you utilize translate into price optimization?**

*Our algorithms have ability to learn from feedback without human direction, without human's telling them how to interpret the data.*

**A:** *Absolutely. If you're on Twitter and you type in “Britney,” Twitter doesn't know Britney is a person. Twitter knows it's typed frequently and Twitter has figured out what to show you. Out of all the “Britney” options, Twitter knows that your search is most likely about Britney Spears. The data that feeds into these interpretations changes every minute and search results will in turn change if something else about another Britney happens. A lot of this same technology is used on the price and inventory side. The algorithms are similar to those used in search engines. What's different about us is that we can take in a lot more features than just a “Britney”, and work in real time in a way nothing in the industry has ever been able to do before.*

**Q: You're clearly a retailer/manufacturer driven source. How should the consumer view you?**

**A:** *Fundamentally, we are working for suppliers rather than the buyer. However, in helping retailers find the right price for their audience, whether that pushes the price higher or lower, we are making markets more efficient for both. You might be surprised to learn that where price points changed, on average they only went up 0.5-1%, and in a lot of cases, the price went down. Again, it's about having the right price point for the right customer at the right time.*

**Q: What thought would you like to leave with our readers?**

**A:** *Optimizing your pricing and inventory doesn't have to be hard. It can be simple and straightforward if you have the correct tools. Before Perfect Price, testing would cost companies millions of dollars and take months to produce actionable results. We've narrowed this timeframe dramatically, and we help you decide which items you should test first so you don't waste valuable time. We've enabled you to dip your toe into the idea of "is this good for my business".*

*Get the ROI you always knew was there but never had  
the time to actually realize.*

*We are making pricing so easy, you can't NOT do it!*



**Alex Shartsis, CEO & co-founder**

*Alex Shartsis tackled pricing at two startups and one public company before starting Perfect Price. Previously, as Head of Business Development at Drawbridge, Inc., a Sequoia Capital and Kleiner Perkins-backed mobile advertising technology company, he led all sales, client service, and partnership efforts that brought the company from \$0 to \$10+MM in revenue in under 2 years, including inking some of the first deals in mobile real-time bidding. Prior to Drawbridge, Mr. Shartsis was Director, Business Development at Concur Technologies (NASDAQ: CNQR) and Triplt, Inc., where he was the 17th employee and led partnerships with Expedia, American Express, MasterCard, Microsoft and Google. Before Triplt he led SaaS partnerships with Viacom, MySpace/Fox Interactive, and other major digital media companies at Audible Magic. Mr. Shartsis holds an MBA from UCLA Anderson School of Management, an MSc from the London School of Economics, and an AB from Dartmouth College.*



**Youngin Shin, CTO & co-founder**

*Youngin Shin brings years of experience with the most cutting edge data mining and machine learning tools, implemented at the fastest paced, industry leading companies. Most recently, on the universal search team at Twitter, Mr. Shin worked on real-time search, ranking, peak detection and content classification. At Drawbridge Mr. Shin wrote and managed machine learning infrastructure and algorithms doing millions of dollars in bidding on billions of monthly real-time advertising auctions. Prior to Drawbridge, he built groundbreaking business intelligence platforms at Playdom and Disney, and personalized query and click models for Microsoft Search both in Seattle and Silicon Valley. Mr. Shin received his PhD in Machine Learning and Data Mining from the University of Texas, Austin and BE from Pusan National University, Korea.*