



THE GREAT PRICE COMPARISON CON

Price comparison sites are taking over the internet. It has never been easier to buy cheap DVDs, CDs, fridges etc. The likes of Kelkoo and Shopping.com dominate the paid advertising on the search engines and are promoted heavily through MSN and Yahoo where the price comparison is offered as a "service" to users.

But this is not a service, this is elite advertising for the few, and what is being offered is not a complete picture, but a partial view, based on who is prepared to pay to be seen. These sites are trading under false pretences. They do not help you find the cheapest DVDs, CDs, fridges etc. They help you find the best discount amongst retailers who pay to advertise on their site and that is a Big difference.

Whilst this might be well known amongst marketers, retailers and the like, it is my strong view that most users have no idea. What reinforces this for me is the knowledge that the main price comparison sites offer a shop the opportunity to appear first in the price results for a particular product if they are prepared to pay a higher cost per click... And guess what? It works! Paying a higher click rate results in more visits and the conversion rate doesn't drop a bit!

That tells me that consumers either aren't using the sites correctly or the results are being displayed in such a way as to maximise the revenue for the price comparison site rather than the saving for the user.

To my naive utilitarian notions of the future of the Internet this approach appears the absolute antithesis of what the Internet is all about. Information is power. Controlling information is therefore extremely lucrative. But controlling/withholding information is never a positive thing for those who rely on it.

By using aggressive marketing tactics and huge budgets these bloated glorified link farms have set themselves up as the middle men of internet retailing. Corrupt and greedy they willingly dupe the user to maximise their own interest whilst claiming to be the consumer's champion!

So what is the answer? Essentially price comparison sites are a fantastic idea and should highlight all that is right with the Internet, it is the pay per click element that has led the key ones astray. The future lies in the impartial services. Those that are based on earning commission for a sale rather than simply driving traffic towards the most valuable target. Affiliate marketing and price comparison sites are the obvious pairing going forward. Any they are appearing in their hundreds. For example have a look at www.cashbackers.co.uk and search for "Lost series1". Cashbackers shows 20 UK DVD shops, Kelkoo shows 7, the cheapest DVD being better value using the former.

Using affiliate programs cuts out the prohibitive costing that mean a lot of smaller or newer shops can be listed. And as these are the ones that will often be promoting on price rather than marketing budget, these are exactly the shops that should be on a price comparison site for the benefit of the consumer.

As these sites grow and as consumer awareness does as well, no doubt things will improve but until then the cheap DVDs, CDs etc are only to be found using commission based sales programs.

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