

DECODING AMAZON

By Anne Marie Soto, Retail Marketing Society



What does it take for an independent brand to succeed on Amazon? These are the concerns that were addressed at a recent Retail Marketing Society meeting. Rich Zeldes and Rina Yashayeva of Stella Rising, a marketing and media agency with extensive experience on the platform, talked about the paths to retail success on Amazon.

Why Amazon?

World-wide, it currently has over 300 million customers, doing \$8 billion in fashion sales—\$5.5 billion of that in apparel. Women's clothes are best sellers, with activewear, lingerie/sleep/loungewear, tops and dresses leading the pack.

What drives shoppers to Amazon? Fast shipping appeals to 42%; free shipping, with 40% appeal, is a close second; 29% like the fact that the platform has the most product reviews; and 28% head to Amazon to get the most out of their Prime membership.

Amazon is also a beauty destination. When women are researching beauty online, they list Amazon as their No. 1 source. In 2017, Amazon's beauty business grew by 42%. Currently, there are 50 million active beauty shoppers on Amazon.

What constitutes a rising star brand on Amazon?

The answer is deceptively simple: a smart strategy, brand protection, compelling content, understanding and protecting the Amazon portal, and creating marketing that

matters.

Smart Strategy: There are four ways to sell. First is no authorized presence on Amazon. Your brand is sold by unauthorized third-party vendors, which requires the least effort but means you have no control over pricing or how your brand is presented. The second is to sell indirectly through authorized third-party sellers. Your best choices are either to sell as an Amazon vendor (Amazon Vendor Central) or to have your sales fulfilled by Amazon (Amazon Seller Central). Essentially it's a wholesale relationship, where the product ships from and is sold by Amazon. Amazon has control of the pricing. Their price is determined by the competition both on the platform (internal matching) or off the platform (external matching). Amazon Seller Central is open to anyone. You can choose fulfillment by merchant (FBM), an avenue we don't recommend because it is not eligible for Prime shipping. The other option is fulfillment by Amazon (FBA). In this scenario, the brand controls the price, but the units are stored at Amazon. There are storage fees (including extra fees for long-term storage) and an FBA commission fee, but there are better margins and brand control than FBM and products are eligible for Amazon Prime.

Brand Protection: Protecting one's brand identity requires vigilance. This means removing unauthorized sellers, protecting your trademark and intellectual property, counterfeit protections and enforcement of MAP (Manufacturer's Advertised Price) and MSRP (Manufacturer's Suggested Retail Price). To do this, you want to own the "Buy Box." Your goal as a brand is for you, not Amazon, to hold the responsibility to control distribution.

Compelling Content: To optimize your brand, you need a retail-ready ASIN (Amazon Standard Identification Number) which is a unique code that identifies your product. It's created when an item is uploaded to the Amazon catalog. Other things to consider in relation to content include your assortment strategy, images and videos, features and benefits of each product, and how-to tutorials. Customer reviews are essential for driving

sales. 90% of Amazon customers state that reviews influence their buying decisions. Getting ASINs retail-ready requires at least 15 reviews with a minimum of 3.5 stars. Anything under 3.5 stars means that you might not be eligible to promote your product.

Perfecting the Portal: Learning the lingo is essential to working effectively with Amazon. If Amazon tells you your product is CRAP, they're not being rude. They are telling you that it Can't Realize Any Profit. If you don't know what other appellations like BB, COGs, CPC, LTSF, OOS, SC, VC, etc. stand for, do your homework. And explore promotions developed around special events and holidays—Valentine's Day, Mother's Day, Back to School, Prime Day (historically the most successful day of the year), Black Friday and more. Consider enhancing these promotions with lightening deals, price discounts, buy one/get one, promo codes and coupons.

Marketing Matters: Amazon advertising is essential to retail success. Over 50% of consumer searches start on Amazon. Seventy percent of Amazon customers never click past the first page of search results; 35% click on the first product featured on a search page. The goal is to drive brand awareness and generate revenue through traffic and conversion. And it's important to monitor and audit your advertising campaigns on a daily basis.

Amazon as a search engine

Fifty percent of all product searches begin on Amazon. Customers search first by product category, then by brand, then by browsing. Many brands successfully use Amazon as a platform to support the balance of their e-commerce business, which can filter down to their brick-and-mortar business and boost offline sales.

Rina's final words of wisdom: "Working with Amazon is like raising a child. It's a living, breathing platform that requires nurturing every day."

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