

5 Reasons Digitally Native Brands Are Winning on Amazon

And how your brand can too



Online and off, established CPG brands are feeling the burn of Amazon's stunning growth over the past 24 years.

The role of eCommerce in sales across the United States has grown every year since 2012, now accounting for 11.7% of retail sales. *It was recently announced that Amazon has 50% share of all online sales*, and is quickly becoming a focal point for brands that want a global reach, with 30% of Amazon's 2017 sales coming from Europe, the Middle East, and Africa, and Asia-Pacific.



For all that Amazon entices brands with the potential to reach millions of ready-to-buy customers, established brands have found it difficult to thrive in this unique marketplace. These brands try to apply brick-and-mortar strategies to a digital environment, only to find themselves outdone by small, upstarts like iRobot, RXBAR, Bai, and Soylent – digitally native brands that have had the advantage of growing up in the digital age.

Is it too late for big brands to break into Amazon and compete with successful brands? Absolutely not. It simply requires a change in mindset and tactics.

"Amazon presents a wonderful opportunity for big brands to be inspired by the possibilities of today," says Boren Novakovic, Managing Director at

One Click Retail. "By demystifying the strategies of digitally native brands, we want to show that it is possible for established companies to grow their brands, reach their customers, and be successful on Amazon."

If you're ready to win on Amazon like a digitally native brand, here are five ways you'll need to adjust your marketing strategy.

Digital Native Tactic #1:

Make eCommerce the Center of Your Marketing Machine

One of the biggest mistakes established brands make is treating Amazon as if it is the same as any brick and mortar – that is, prioritizing channel marketing to big retail partners and sprinkling a few dollars into Amazon marketing with whatever is left over. This outdated approach to Amazon sales is a significant reason digitally-native brands are out-selling their more established competitors: younger brands understand the value of adjusting their approach to meet the needs of Amazon's built-in audience of more than 100 million customers.

"Big brands are being eaten up by competition they don't even know they have," says Spencer Millerberg, founder of One Click Retail. "The

no-name companies disregarded by more established brands are suddenly their #1 competition online because it's easier to capture interest on Amazon than get shelf placement in a traditional brick and mortar store. To stay on top, big brands need to change their basic assumptions about selling on Amazon."

What can a big brand do to bring eCommerce into the center of its marketing machine? Start seeing Amazon as its own unique source of customers. After all, 52% of customers surveyed said they typically start searching for a product to buy online on Amazon rather than a search engine like Google. Brands that weave together Amazon-centric channels like Amazon Marketing Services (AMS), Amazon Media Group (AMG), Amazon SEO, Google Paid Search, Social Marketing, Amazon Analytics, Amazon Owned & Operated sites (Amazon O&O), Amazon Advertising Platform (AAP), and product details pages into their core marketing strategy will quickly see a return on their efforts.



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In the beginning, we were very naive and uninformed about how our business looked on Amazon –

not just in how we stacked up against known competitors, but in how the overall marketplace was operating. It was a classic case of, ‘You don’t know what you don’t know.’

Working with a strategic partner allowed us to learn from the smaller, more nimble players in the marketplace and find better ways to bring our product to our customers in the context of an Amazon store. We’ve been able to innovate and build upon successful configurations of our product we saw on Amazon, allowing us to be successful beyond our expectations.

— PATRICK MINOGUE,
SVP of eCommerce at Keurig

Digital Native Tactic #2:

Update Your Search Strategy for Feature-First eCommerce

In the past, established brands have had the luxury of placing search strategy second to branding, as in the example of a CPG brand that wanted to list a product as “beauty bar” instead of “soap,” or a branded term for a cracker instead of “cheese cracker.” But this approach to Amazon search doesn’t take into account the fact that Amazon customers often prioritize feature, benefit, and attribute keywords over product keywords: the products that get traffic use customer speak, not brand speak.

“Google and Amazon both prioritize search, but customers use Google of high-level discovery and Amazon for intense, low-funnel research,” says Novakovic. “Amazon customers use search

to accomplish a specific shopping mission, comparing and pricing one or two items at a time and making a purchase based on what’s relevant to their search.”

Consider the following original research from One Click Retail on ways you need to adjust your brand’s search strategy, including product titles, details pages, bullet point descriptions, keyword bids, and your overall Amazon marketing strategy:

Use specific attributes in the product title. When searching on Google, customers ask questions and topics, such as “sleep,” “insomnia,” and “sleep apnea.” When searching on Amazon, customers query specific attributes, like “melatonin,”

“melatonin 10mg,” and “sleep aid.” Include these kinds of specific attributes in your product titles, descriptions, and page details to make sure customers can find what they’re looking for.

Use popular descriptive words.

The following popular words help customers quickly identify the product they’re looking for: safe, organic, natural, food grade, 100% stone ground, keto, low carb, non-GMO.

Avoid brand speak. You may call it “children’s play figure” in your internal meetings and sales materials, but that’s not the keyword a customer would use to find it. Use a universal product title like “action figure.”

Digital Native Tactic #3:

Age Your ASINs Using “and,” Not “or”

In an industry that launches approximately 3,000 new items per year, it's no surprise that the lifecycle of a traditional CPG product is a short one. That's why it can throw big brands for a loop to find out that, in fact, it's older products and details pages that rank best in Amazon search.

“If you search for Kindle or iPhone on Amazon, what pops up first is the Kindle Paperwhite (not Fire) and the iPhone 6 and 7 (not 8 or X),” says Millerberg. “Amazon's search algorithm defaults to older items with a significant number of reviews and verified purchases, not the newest, latest, and greatest. Because your UPC and IEN is tied to hundreds of other things, keeping a historical product on board is the best think you can do for your search performance.”

Consider the following examples of this anti-“out with the old, in with the new” strategy from Amazon Private Brands in the batteries, shirts, charging cords, and snack mixes categories:



Batteries introduced in 2006

- ◆ Since added 54 SKUs
- ◆ Since discontinued 2



Shirts introduced in 2016

- ◆ Since added 986 SKUs
- ◆ Since discontinued 14



Charging cords introduced in 2012

- ◆ Since added 114 SKUs
- ◆ Since discontinued 4



Snack mixes introduced in 2016

- ◆ Since added 136 SKU's
- ◆ Since discontinued 64

Digital Native Tactic #4:

Get Traffic to the Product Detail Page

As it turns out, the longer a product is online, the more relevant it becomes in search results because of the accumulated customer data. For big brands, this means building your brand on Amazon by adjusting your product lifecycle and promotion cycle to introduce the new while also keeping the old.

Big brands are used to selling products brand-first: that is, customers are familiar with the brand and therefore trust that new products will give them a similar quality of product experience. Bringing that mentality to Amazon, big brands often think to first invest in developing an elaborate, branded

store page and focus on product-specific detail pages second... But that's the opposite of what works on Amazon.

"If you're trying to build a brand in a category or expand your range, it can be a good investment to create a destination where consumers can learn about things," says Novakovic. "But most customers want to get in, find a product, and get out, and store pages are inherently outside the path to purchase. Digitally native brands rightly prioritize traffic to the detail page and not the store page."



Here's a look at the most efficient methods for driving traffic to the product detail page:



Customize your method to your needs

- ◆ AAP and AMG offer a wide reach
- ◆ AMS offers a high ROI



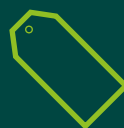
Capture key terms

- ◆ Identify which terms customers use to find your products



Extend your reach

- ◆ Consider ways to extend your reach by pairing items with related searches, such as advertising "Great Gifts for Harry Potter Fans" by the search term "Harry Potter and the Deathly Hallows"



Use promotions to get more traffic

- ◆ One Click Retail has found that using intelligent promotions like coupons can offer almost double the click-through rate



Deploy a "Pulsing" strategy

- ◆ Pick several key promotional event periods during the year and use all marketing levers to drive customers to Amazon detail pages: paid search, social channels, newsletter lists, programmatic, etc. Concentrate your spend in AMG and AMS in a focused burst and track your results.

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As a brand, we wholeheartedly embrace Amazon's consumer-first mindset.

It can sometimes be difficult and create new challenges, but it's the most admirable end goal a brand can have and one that guarantees long-term success.

Working with a strategic partner helped us understand what our customers are actually looking for on Amazon and adjust our strategies around that. As a result, we brought new products to the Amazon market and promoted them differently, learning just how powerful the marketing flywheel can be when you put the customer at the center of it.”

— PATRICK MINOGUE,
SVP of eCommerce at Keurig

Digital Native Tactic #5:

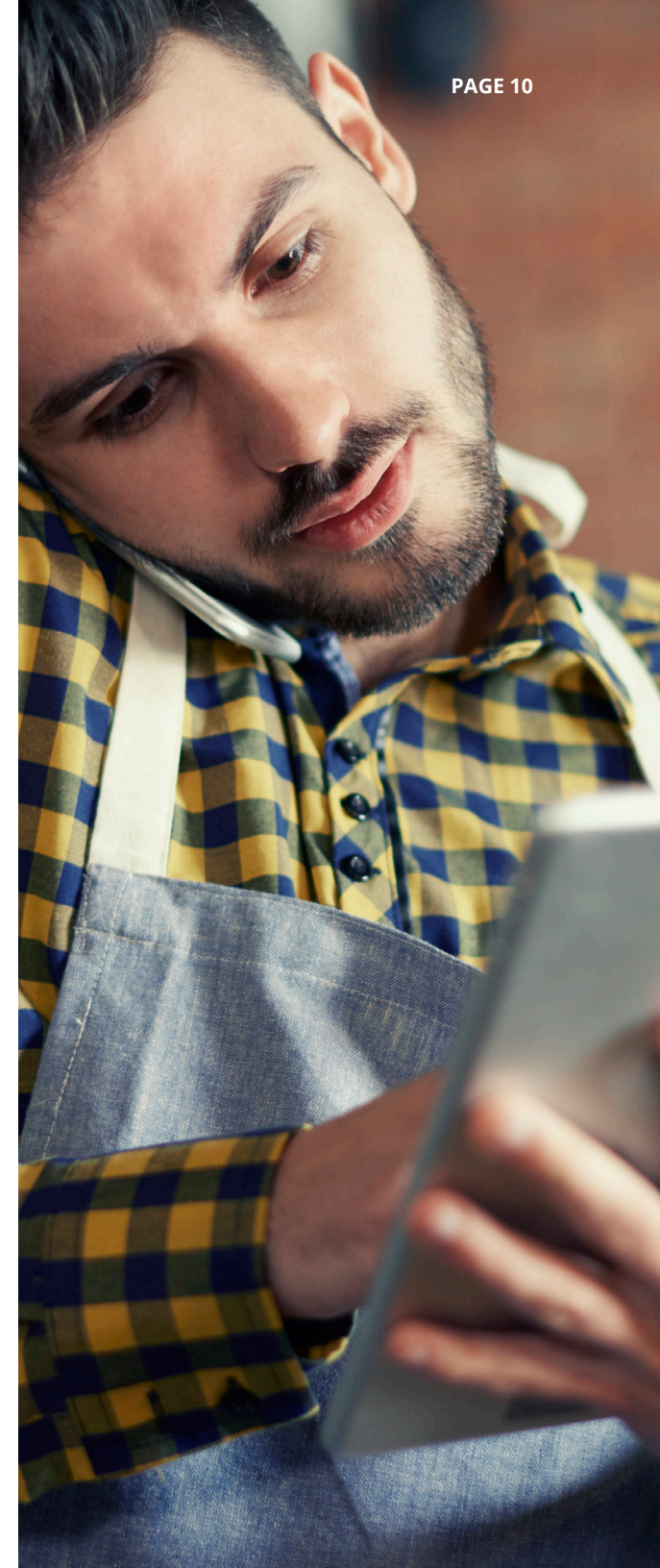
Close the Sale With Marketing

Established brands are often encumbered by legacy processes that are so scattered and outsourced that it can be difficult to take an agile approach to details like marketing collateral. For example, creating new, updated images of products specific to Amazon can be such a long and grueling process that marketing managers prefer to skip it and re-use images from other initiatives. The result is a less-than-compelling product page that has a negative impact on customer sales.

“Large brands are good at launching products in a store – they know how

to make product packaging that pops and makes a customer say, ‘That’s the one!’” says Millerberg. “But winning on Amazon is about fitting content for a new purpose. When only 7% of people drop below the fold on a product page, you can’t count on extra images below to help you sell. Traditional product marketers haven’t realized that images need to highlight features and benefits to help sell a product.”

Digitally native brands know that marketing and sales go hand-in-hand. Rather than building marketing programs and leaving it to the landing page copy and sales team to close the deal, these brands focus on appealing to Amazon shoppers with in-stock products, updated images, excellent reviews, and on-target prices.





Here's a look at how your brand can adapt its strategy to win on Amazon product pages:

- ◆ **Prioritize keeping product in stock.** Selling out of a product can impact many of your Amazon store metrics, such as average sessions, sales, and conversion rates, which can in turn affect how you rank in search results.
- ◆ **Choose images that showcase your product.** Don't ask, "What images do I have from the brand I can put on my detail page?" Ask, "What are the best images to showcase my product?"
- ◆ **Don't set and forget your pricing strategy.** Don't assume that standard retail pricing is the most competitive strategy. On Amazon, your pricing can fluctuate by availability and seasonal promotions, and you also have the option to boost sales with Amazon's Subscribe & Save feature.

Take a Tip From Digitally Native Brands and Learn From Your Competition

If there's one final lesson big brands can take from their digitally native competitors, it's being open to learning from your competition. Digitally native brands always seem to be on the cutting edge of Amazon tactics because they have the freedom and flexibility to explore, experiment, and adjust as they go – and compared to bigger, bulkier brands that aren't as quick to change, that's a significant competitive edge when it comes to reaching customers with ever-evolving needs. Learn from digitally native brands to better prepare your brand to overtake them on Amazon.



One Click Retail is the industry's most accurate source of sales data for the world's top eCommerce marketplaces. Using a combination of website indexing, machine learning and proprietary software, OCR estimates weekly online sales figures with market leading accuracy in order to deliver the best insights, analytics and strategies to their brand manufacturer clients. To catch a glimpse of how OCR gives brands critical edge on online platforms with our unique data and expertise, subscribe to our weekly eCommerce insights blog, and follow us on Twitter and LinkedIn.

If you are a brand manufacturer who would like to learn more about how you stack up to the competition—or would like to see your market share and category growth insights—email us at info@oneclickretail.com for a free capabilities demo.

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