

DIRECT AGENTS

FEBRUARY 2021



amazon

TRENDS:

2021

AND BEYOND

A large, stylized white Amazon logo is centered on the left side of the page. The background is a vibrant purple and pink gradient with abstract, flowing light effects. The logo is composed of a thick white 'A' with a curved arrow underneath it, pointing from the bottom left to the top right.

AMAZON TRENDS: 2021 AND BEYOND

It's clear that 2020 transformed our industry and created unprecedented shifts in consumer behavior, and Amazon was positioned extremely well to take advantage. Consumer adoption of online shopping has accelerated by four to six years and marketplaces have some of the largest growth¹. U.S. e-commerce sales will reach nearly \$795 billion in 2020, up over 32% year over year, with the top marketplaces, Amazon and Walmart, growing their market share to 39% and 5.8%, respectively².

For e-commerce brands, this means Marketplaces will continue to be an important part of your media mix. For brands looking to make an impact in 2021, take a look at some of the predictions that will continue to shape your strategy and impact growth.

¹ *Forbes*. (2020). COVID-19 Accelerated E-Commerce Growth '4-6 Years'. Available at: <https://www.forbes.com/sites/johnkoetsier/2020/06/12/covid-19-accelerated-e-commerce-growth-4-to-6-years/?sh=50dd1d9d600f>

² *eMarketer*. (2020). US Ecommerce Growth Jumps to More than 30%, Accelerating Online Shopping Shift by Nearly 2 Years. Available at: <https://www.emarketer.com/content/us-ecommerce-growth-jumps-more-than-30-accelerating-online-shopping-shift-by-nearly-2-years>



INCREASED ADOPTION OF AMAZON ESPECIALLY AMONG LUXURY BRAND HOLDOUTS

For years, some brands have been reluctant to sell on Amazon due, in part, to a loss of control over the brand experience. However, with the increased adoption of Amazon and marketplaces, many brands including luxury brands are changing their tune. With primary selling channels including Neiman Marcus, Barney's, and Lord & Taylor all filing

for bankruptcy, Amazon is now needed more than ever. However, it wasn't only sheer need that got these brands to come around (see trend 2). Amazon also launched Luxury Stores featuring interactive tools and a better overall experience, that they first tested with Oscar de la Renta in 2020.

According to Feedadvisor 48% of brands are inclined to start selling on Amazon this year, up from 26% last year.³

³Multichannel Merchant. (2020). Report: Most Brands Seeing 4x ROI on Amazon Advertising. Available at: <https://multichannelmerchant.com/ecommerce/report-brands-seeing-4x-roi-amazon-advertising/#:~:text=Feedvisor%20found%2048%25%20of%20brands,it%20said%20in%20the%20report.ping-shift-by-nearly-2-years>





AMAZON WILL FINALLY BECOME A FULL-FUNNEL MARKETING CHANNEL.

Amazon has been trying to become more than just a transactional marketplace and it appears that in 2021, they have rounded that corner. Amazon has been doing a lot of work to allow sellers better control of the consumer experience and their ability to communicate their brand story. They have launched several new initiatives including Store Spotlight, Sponsored Brands

Video ads, Posts, and the new, invite-only, Luxury Stores, to name a few.

As Amazon continues to improve and highlight the store experience, I'd expect to see many new features and increased traffic and sales coming from brand stores in 2021. Your store can no longer be ignored! Amazon also plans to roll out new ad units and features as they continue their marketing evolution.

OMNICHANNEL SHOPPING WILL CONTINUE TO EXPAND AND AMAZON WILL FACE NEW COMPETITION WITH WALMART+.

Brands are going to continue to diversify their distribution to ensure no future fulfillment pitfalls like we saw during COVID-19. In addition, the launch and consumer adoption of Walmart+ gives sellers an easy opportunity to diversify and reach consumers who may be more familiar with, or comfortable buying from, Walmart over Amazon. Brands also need to realize

that shopping is now divided into many micro-moments spread throughout the day and across devices. You will start seeing a more integrated marketing effort that combines in-store with your dotcom, and marketplaces that offer convenience allowing customers to transact wherever they feel most comfortable.





INCREASED ADOPTION MEANS INCREASED COMPETITION (AND COST)

The increased adoption of marketplaces was also accompanied by an increase in advertising investment. By the end of 2020, e-commerce channel advertising will represent over 12% of digital ad spending⁴. Marketers will spend over \$17 billion in advertising on e-commerce channels this year, up 38% from 2019, and Amazon is

the biggest winner⁵. You can expect CPC's to rise as there is increased competition for consumer attention. As competition continues to increase brands are going to have to up their level of sophistication to keep the same ROI with increasing costs. 73% of brands advertise on Amazon, up from 57% last year⁶.

⁴MarketingDive. (2020). Growth rate for ad spending on e-commerce sites will max out in 2020, eMarketer finds. Available at: <https://www.marketingdive.com/news/growth-rate-for-ad-spending-on-e-commerce-sites-will-max-out-in-2020-emark/587627/>

⁵EMarketer. (2020). US Ecommerce Channel Ad Spending Will Jump Nearly 40% This Year to More than \$17 Billion. Available at: <https://www.emarketer.com/newsroom/index.php/us-ecommerce-channel-ad-spending-will-jump-nearly-40-this-year-to-more-than-17-billion/>

⁶<https://www.directagents.com/amazon/rapid-growth-on-amazon-why-emerging-brands-should-drive-traffic-from-external-marketing-channels/>



5 DRIVING TRAFFIC FROM EXTERNAL MARKETING CHANNELS

With more competition and CPCs increasing, Amazon sellers are going to look for ways to stand out and drive more traffic to their product detail pages. We are going to see an increased investment in off-platform media, like Facebook, to combat the rising Amazon Advertising costs. By driving external traffic directly to the product detail page, you bypass the competition of the Amazon search page. As a bonus, it will most likely have a positive impact on your organic rankings as well.

