

The State of the Amazon Marketplace 2019

Feedvisor



Introduction

The combination of factors that influence success on Amazon drastically differ depending on the unique makeup of your business — whether you are selling competitive or private label products, what product categories you are selling in, what your revenue figures are, your scalability, and more.

In order to differentiate your business amidst an increasingly saturated competitive arena, you need to take advantage of the tools at your disposal to benchmark against and outpace the competition.

At Feedvisor, we know how to leverage action-driven AI and data-backed intelligence to help sellers with varying business needs optimize their operations and performance from end to end.

The State of the Amazon Marketplace report reveals powerful insights on the evolving state of Amazon's dynamic marketplace and sheds light on sellers' goals, strategies for profit generation and plans for expansion, revenue figures, areas of concern, advertising strategies, and more.

Given the shifting nature of the marketplace and Amazon's priorities as a whole, we may see major trends and changes take root that will alter some of these responses. However, by understanding how to remain agile and adjust your strategy according to Amazon's lead, you will more effectively be able to establish long-lasting best practices, identify where you have room for optimization, and uncover selling strategies to perform at scale.

With the powerful insights included in this report, you will be well-equipped to monitor and measure your performance, discover how to leverage technology to drive in-market impact and ROI, and achieve your business goals.



Dani Nadel

President and Chief Operating Officer, Feedvisor

The poll was completed online between April 4-24, 2019, by a sample of 800+ adults. All numbers have been rounded to the nearest percent.

Amazon Businesses Require Investment for Long-Term Success

Between product sourcing, inventory fulfillment and logistics, competitive analysis, maintaining margins, advertising, and customer service, selling on Amazon requires extensive bandwidth.

Last year, 73% of Amazon businesses that were surveyed employed one to five people. However, that number dropped to 52% this year and the number of businesses with over 50 employees increased by 13%.

Moreover, nearly three-quarters (74%) of respondents have been selling on Amazon for over three years, with over two-fifths (43%) selling for over five years.

“ These data points indicate that — with the proper technology, teams, and resources — Amazon sellers have a tremendous ability to scale to meet and keep up with demand.

Once they have established a profitable operation, they can expand to fuel the flywheel and continue to build momentum and fortify long-term success.



Number of Years Selling on Amazon



62% of Sellers Have Private Label Products in Their Catalogs

“ Over a quarter of respondents have Amazon catalogs that are 100% private label and over one-third stated that private label items make up 60% or more of their catalog.

For sellers, private labels offer immense profit potential and the ability to sell items made by other manufacturers under their own, unique brand name.

Conversely, over one-third (38%) of respondents have no private label products, meaning that their catalog is fully comprised of items that compete for the Amazon Buy Box.

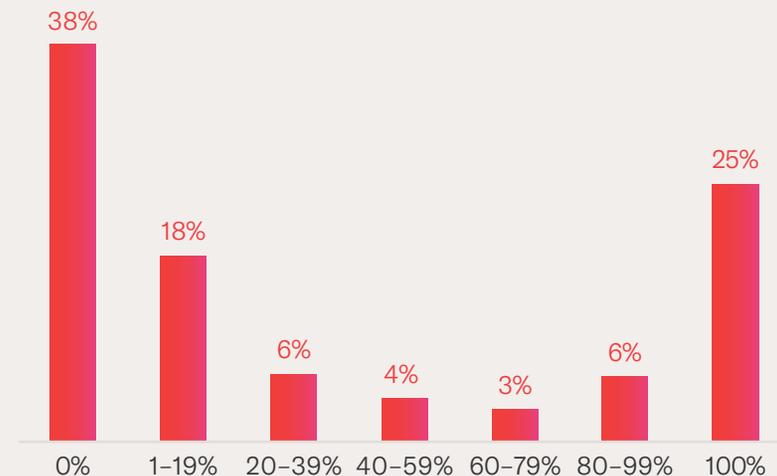
Whether merchants are selling private labels, competitive products, or a combination, they should leverage technology, such as with Feedvisor's optimization and intelligence platform, to drive performance according to their unique business needs.

For example, private labels have unique ASINs and therefore always win the Buy Box, while their counterparts have competitive ASINs and are not guaranteed the Buy Box.

Private label sellers need to understand how to navigate indirect competition, promote product discovery, and generate demand, while competitive sellers place a deep emphasis on the importance of a real-time price optimization strategy.

Regardless of their catalog composition, Feedvisor's platform and team of experts can support sellers' business needs to enhance marketplace growth.

Percentage of Sellers' Products That Are Private Label



For a detailed analysis of your Amazon catalog, get in touch with us at feedvisor.com/connect

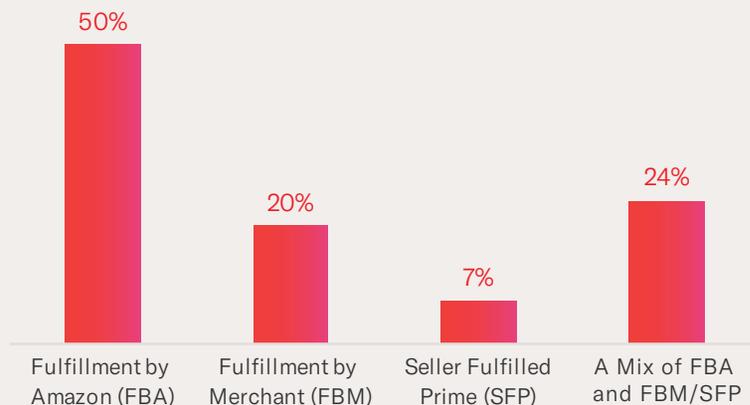
FBA Reigns as Primary Fulfillment Method

“ Half of sellers (50%) utilize Fulfillment by Amazon (FBA) as their primary fulfillment method.

FBA requires sellers to ship their products to Amazon fulfillment centers, and when an order is placed for one of those products, Amazon then fulfills the order by picking, packing, and shipping it and providing any necessary customer support.

Nearly a quarter of sellers (24%) use a combination of FBA and a merchant-fulfilled method such as Fulfillment by Merchant (FBM) or Seller Fulfilled Prime (SFP).

Sellers' Primary Fulfillment Method



To understand what fulfillment method makes the most sense for your business, get in touch with us at [feedvisor.com/connect](https://www.feedvisor.com/connect)



Interestingly, only 7% of sellers are currently using SFP as their core fulfillment method.

The shift away from SFP aligns with the trend we are seeing across our customer base of an increasing number of sellers opting to use an FBA strategy.

Due to an SFP reporting nuance, it may be recorded that sellers are getting a smaller percentage of the Buy Box than they actually are, while with FBA, sellers have a higher chance of winning the Buy Box, therefore driving incremental sales.

Given that FBA and merchant-fulfilled business models differ highly, the route that is optimal for a seller's Amazon operation will depend on the size of their business, the items in their catalog, and their goals and strategies.

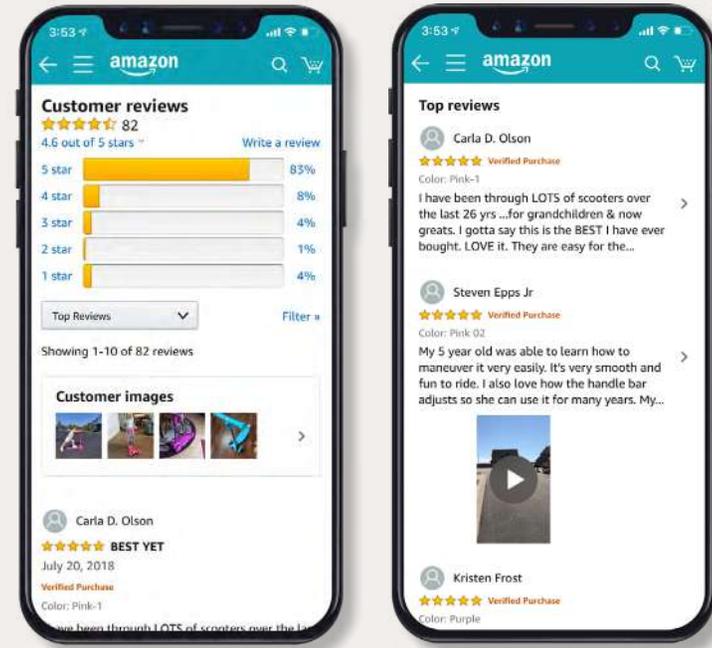
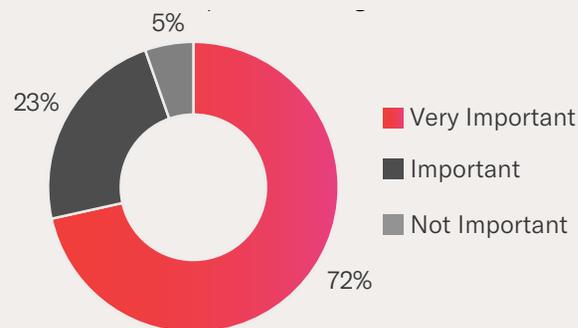
Almost Unanimously, Ratings and Reviews Are Critical to Success on Amazon

Once they have ordered from a third-party seller, customers have 90 days to leave comments, feedback, and ratings to let other customers know about their experience.

Feedback has to do with the seller specifically — professionalism, customer service, whether or not the buyer would purchase from the seller again, work quality, and shipping and packaging. Reviews, on the other hand, are simply reviews of the product, not the seller or the purchase experience.

When the sellers were asked how important ratings and reviews are to their Amazon business, an overwhelming 95% of them said they are important in some capacity and nearly three-quarters (72%) said they are very important.

Importance of Ratings and Reviews to Sellers' Amazon Businesses



Through reviews and ratings, sellers can receive insights into customer satisfaction on how their order was packaged and shipped, as well as their impression of the entire experience from start to finish.

Do they wish the item was available in a different color? Is there a potential quality issue that sellers can take action to resolve in the manufacturing process?

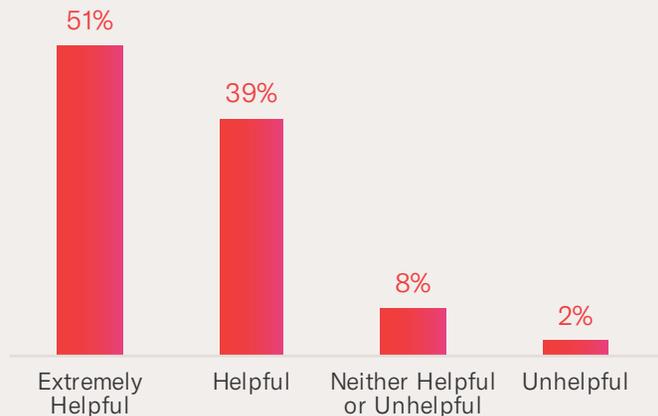
Monitoring product reviews and seller feedback can help sellers stay apprised of potential product improvements and consumer trends, inform their SKU-specific analyses, enable them to benchmark against the competition, and provide a strong understanding of their overall seller reputation.

Repricing Software Is Invaluable to Sellers

When asked if they are utilizing repricing software on Amazon, over three-fifths (63%) said they have not yet begun leveraging the price optimization technology.

“ Of those who are using repricing software (33%), the overwhelming majority (90%) find it to be helpful in some capacity.

How Helpful Sellers Find Repricing Software



Private labels and brands have historically been challenged with dynamic pricing, as there has never been technology available to support their needs. Feedvisor is releasing the first-of-its-kind brand and private label repricer to drive higher demand and velocity for products, simultaneously isolating and pricing against the indirect competition.

By repricing their Amazon catalog, sellers are harnessing data to effectively drive automatic price changes in real-time, according to dynamic market conditions. Feedvisor's algorithmic repricer, for example, adapts to sellers' inventory levels and competitive set to drive both sales and profits.

For sellers and retailers, the machine-learning algorithms enable attainment of the ideal sales volume at the optimal price point for each specific ASIN.

With algorithmic repricers, sellers are not required to construct the rules or logic for selling over and over again and do not need to adjust them over time — a time-consuming task associated with rule-based repricers. Sellers merely input the cost of each product, and the maximum and minimum prices at which to sell them.

The algorithm can then find the seller's competitive advantage in the current selling arena by leveraging vast quantities of data and by monitoring everything from competition to price fluctuations to Amazon's seller rankings, among other variables.

[Learn More](#)

Repricing Catalyzes Overall Performance Across Amazon

In addition to leveraging big data and machine-learning to enable sellers to achieve more sales at a higher price, repricing software provides benefits to other areas across sellers' Amazon operations.

Of those using a repricer on Amazon, a staggering 94% of sellers found their account health score to be above average compared to their competitors.

Additionally, 87% found their shipping and fulfillment to be above average compared to their competitors, and 71% found their inventory management to also be above average.

Once again, the flywheel effect is at play here. Once price optimization is enabled, sellers can drive incremental sales and provide on-time delivery, which in turn prompt customer loyalty and repeat purchases. If customers are satisfied with the purchase, they are likely to leave a positive rating and review, which benefits the seller's overall account health and performance metrics.

With an increase in demand, sellers can utilize the repricer — which syncs with their inventory levels — so they are notified when they need to reorder and can constantly maintain a precise inventory position.



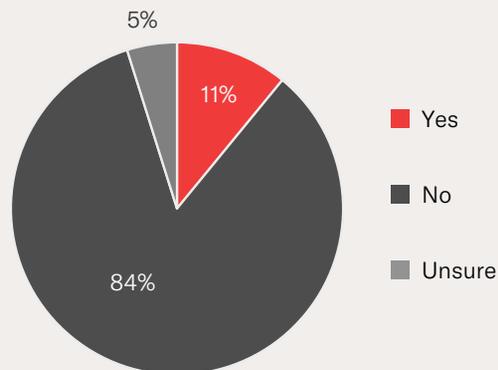
To discover how you can leverage price optimization to accelerate your sales and profits, get in touch with us at feedvisor.com/connect

Sellers Improve Their Overall Account Management, Results in Fewer Suspensions

“ A majority of respondents (84%) did not experience account suspension or closure in the past year.

This data reveals that Amazon sellers are becoming more nimble and proficient at managing their operations on Amazon.

Sellers That Faced Account Suspension Over the Past Year



A significant part of a seller's responsibility with selling on Amazon is to create and instill an excellent buying experience for the customer — which means adhering to Amazon's precise rules and best practices to avoid account suspension.



This year, over one-third (36%) of sellers cited “Amazon taking away my seller privileges” as their greatest concern with selling on the platform.

An increasing number of sellers are leveraging tools and expertise to execute on tasks such as protecting against counterfeits, aligning their listings with Amazon regulations, monitoring negative feedback, and shipping product on time — revealing how they are becoming more adept and taking matters into their own hands to prevent suspension.

Sellers Struggle to Keep Up With Amazon's Complexity and Pace

“ The overwhelming majority of sellers (93%) have five people or less managing their Amazon account and need more help to do so.

With seller performance metrics and customer satisfaction requirements to adhere to, demand forecasting and inventory fulfillment to organize, pricing and advertising to consider and optimize, and best practices and go-to-market strategies to establish and improve, selling on Amazon becomes more complex as businesses scale.

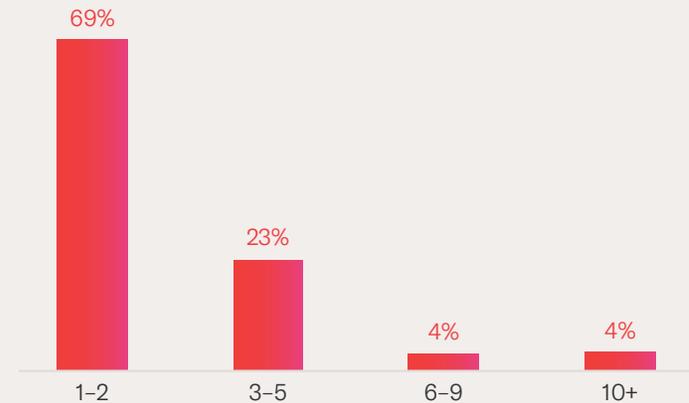
More than half of sellers (58%) agree in some form that they need help managing their Amazon operation.

To help automate workflows, optimize operational processes, omit human error, and enhance overall performance, sellers can leverage technology and expertise to help manage their Amazon business, on both a day-to-day and big-picture strategy level.

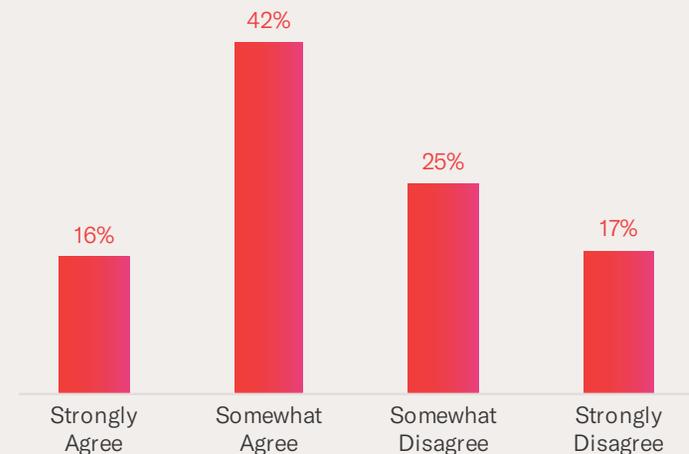
Feedvisor's platform and team of experts holistically manage Amazon stores and provide sellers with business strategies, actionable recommendations, and hands-on execution — all grounded in intelligence — through each stage of the store's lifecycle.

To learn about Feedvisor's 3P storefront launch and management capabilities, get in touch with us at feedvisor.com/connect

Number of People Managing the Amazon Account



Sellers' Responses to "I Need Help Managing My Amazon Operation"



Amazon Continues to Dominate E-Commerce Share

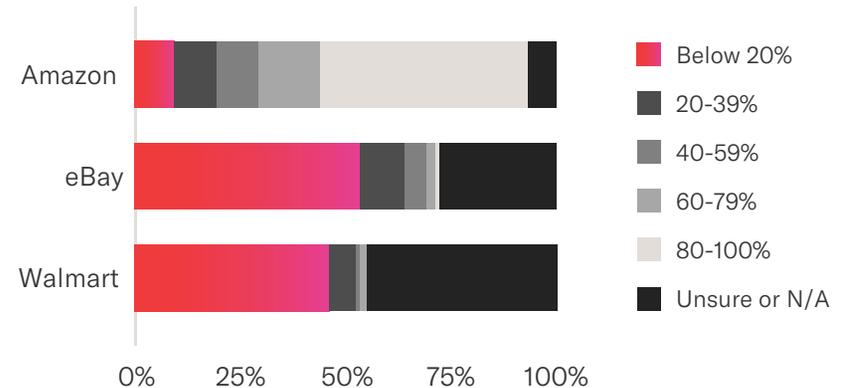
In 2018, Amazon experienced its first \$200 billion sales year.¹ Alongside that milestone, the company reached a \$1 trillion valuation for the first time.

Additionally, Amazon announced the new home for its second headquarters in Arlington, Va., and continued to drive innovation across its cloud computing service offering, booming advertising arm, and core e-commerce business.

“ Like last year, nearly half (49%) of respondents sell almost exclusively on Amazon, which accounts for 80-100% of their total e-commerce revenue.

Nearly two-thirds (64%) owe more than 60% of their total e-commerce revenue to Amazon. By implementing a holistic, adaptable Amazon strategy that optimizes performance across pricing, advertising, brand and content management, inventory, and more, sellers can leverage Amazon to fuel their own success.

Percentage of Total E-Commerce Revenue



Although Amazon is the uncontested e-commerce leader and most coveted platform for sellers, many are selling on eBay and Walmart in addition to Amazon. Both eBay and Walmart comprise less than 20% of sellers' total e-commerce revenue, for 53% and 46% of sellers respectively.

Despite the fact that these marketplaces do not play as instrumental of a role as Amazon in sellers' overall e-commerce strategies, their presence demonstrates how sellers are diversifying their revenue streams and providing consumers with an array of products across curated marketplace destinations.

¹CNN

Sellers Have a Presence on eBay and Walmart, but Amazon Is the Priority

A massive \$1.86 trillion was spent globally on the top 100 online marketplaces in 2018 and – in the U.S. market specifically – Amazon, eBay, and Walmart are the leading trifecta when it comes to gross merchandise volume.¹

This aligns with the platforms that marketplace sellers are utilizing besides Amazon – when looking at just online marketplaces, eBay and Walmart are the most popular after the e-commerce leader.

Although Amazon is the dominant marketplace, more than half of sellers are on eBay and over one-third (35%) are on Walmart.

Nearly half (47%) of respondents are also selling on their own websites and interestingly, 13% are granting their undivided attention to Amazon, selling on no other platforms.

“ When asked what platform they are considering expanding to next, over one-third (37%) said none.

The above emphasizes the notion that sellers do not want to move outside of Amazon and instead are prioritizing building out and scaling their Amazon operation.

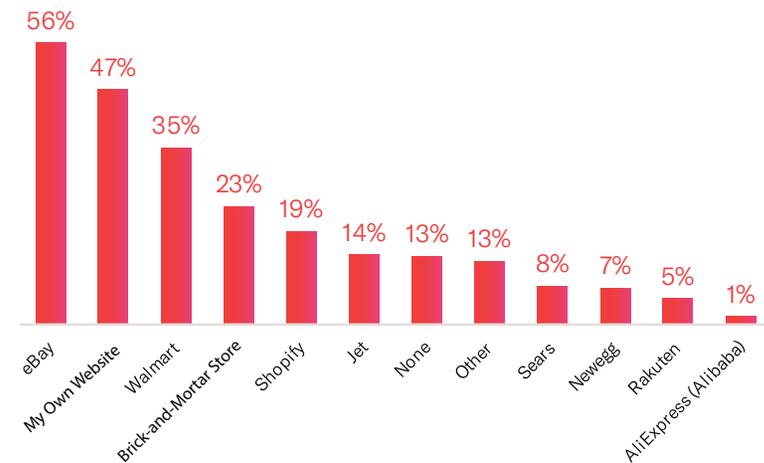
Consistent with where sellers already have a presence, Walmart and eBay are also the two platforms that sellers are considering expanding to next.

¹ Digital Commerce 360

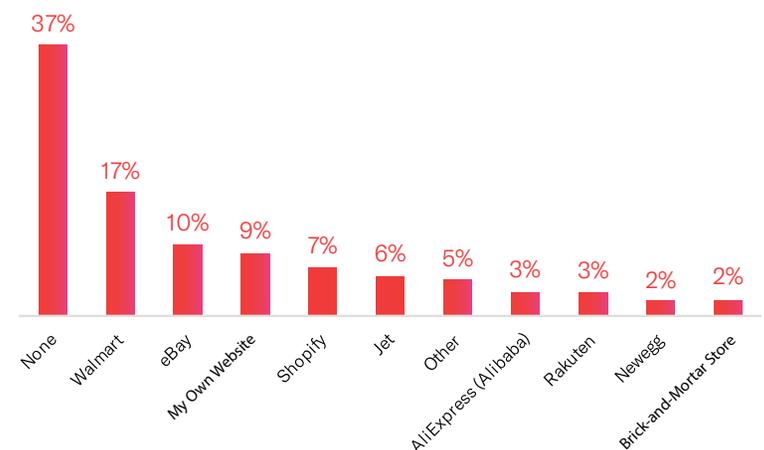
Amazon’s seemingly Amazon's omnipresence and ability to grow and innovate at such speeds is certainly attractive to sellers and is likely a top reason behind sellers placing the platform at the center of their marketplace strategies.

Platforms Used by Sellers Besides Amazon

**Sellers could select all that apply*



Platform Sellers Are Considering Expanding to Next



Sellers Experience Revenue and Profit Growth on Amazon

Despite increased levels of competition, ongoing policy changes and plan shifts from Amazon, and seller requirements and performance metrics, Amazon sellers are finding success.

Over the past year, nearly three-quarters (70%) of sellers grew their revenue on Amazon and over half (56%) experienced profit growth.

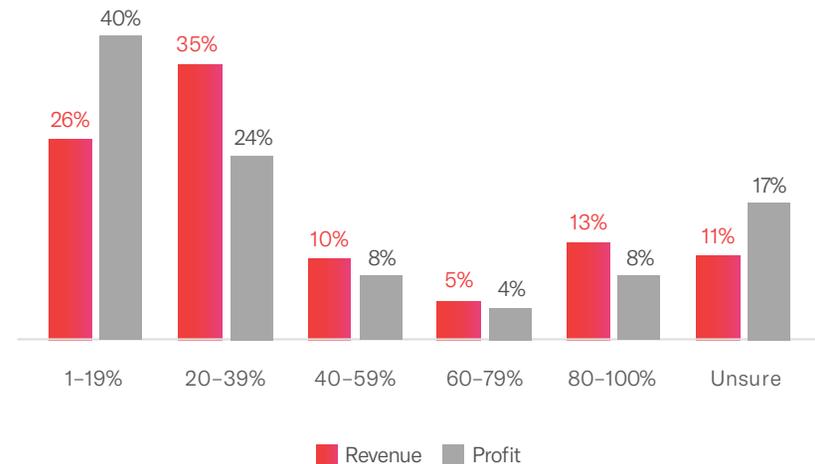
With regard to revenue, nearly two-thirds (63%) of respondents experienced growth by at least 20% and 13% of respondents grew by an impressive 80-100%. Additionally, nearly two-thirds (64%) grew their profits by up to 40%.



Of the sellers who made a profit last year, over one-third (39%) have been selling on Amazon for more than five years, revealing that over time, sellers have the opportunity to improve operational workflows, streamline their technology stack, and tap into new methods to maximize impact.

Interestingly, 79% of respondents using a repricer experienced profit growth over the past year, demonstrating the tangible impact that big data, automation, and price optimization can have on overall profitability.

Growth Percentage of Revenue and Profits on Amazon Over the Last Year



The Amazon Superstore: Sellers Leverage Amazon's Consumer Base to Satisfy Demand

“ According to the survey results, there is not one product category that takes an overwhelming lead for sellers.

For sellers that cited "Other," product categories that they mentioned were Toys & Games, Office Products, and Health, Household, & Baby Care. Other top categories include Home & Kitchen (15%), Beauty & Personal Care (12%), and Clothing, Shoes, & Jewelry (11%).

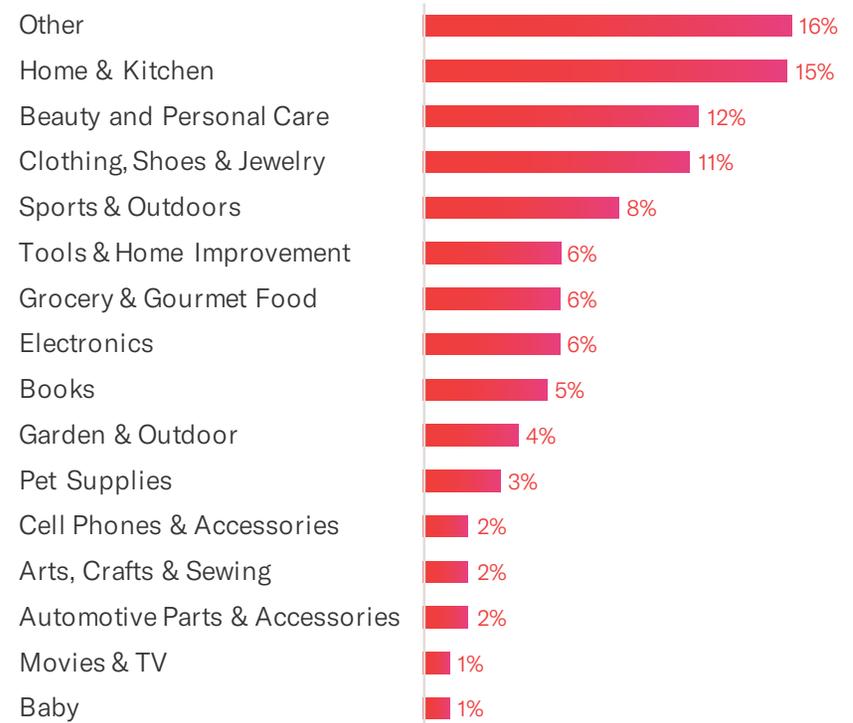
Last year, Home & Kitchen was the leading product category and is amongst the top again this year, indicating how these items — bedding, bath products, furniture, wall decor, cleaning supplies, storage and organization items, and more — are popular items for respondents to sell.

Since Amazon's inception, the company has been motivated to offer a vast selection that is diverse, seemingly limitless, and offered at low prices.

According to Brad Stone's New York Times bestseller, *The Everything Store: Jeff Bezos and the Age of Amazon*, the company grew out of Bezos' desire to build the world's first "everything store" and this methodology is still being applied today.¹

¹ Brad Stone

Sellers' Primary Product Category



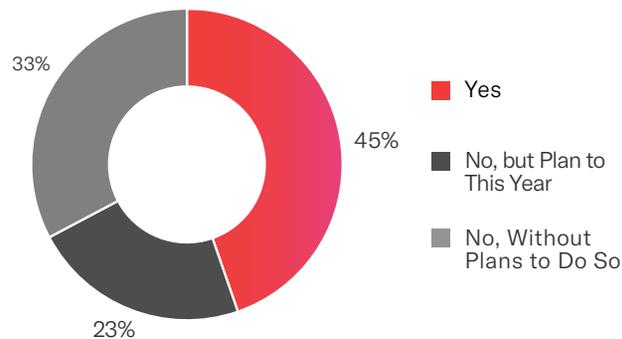
Amazon Sellers Are Going Global

“ Nearly half (45%) of surveyed retailers are currently selling outside of the U.S., versus 37% of sellers from last year.

In addition to this, almost a quarter (23%) of sellers plan to expand outside of the U.S. this year, demonstrating the emphasis that online sellers are placing on global expansion once they have established and built a successful domestic operation.

Are Respondents Selling on Amazon Outside of the U.S.?

*Sellers could select all that apply



If done properly, expanding to additional Amazon marketplaces can greatly increase engagement and conversion, promote brand awareness, and generate demand with a new target audience.

For those who sell on an Amazon marketplace outside of the U.S., nearly three-quarters of respondents (71%) sell on Amazon's Canada marketplace, followed by the UK (56%), Germany (45%), and France (44%). These four marketplaces seem to dominate the international expansion plans of U.S.-based sellers.

Amazon Marketplaces Respondents Sell on Outside of the U.S.



Competition With Amazon Remains Leading Concern for Sellers

“ Like last year, the leading concern for Amazon sellers is direct competition with Amazon, according to 44% of sellers.

Sellers fear Amazon in both the competitive product and private label arenas. By frequently investing in both exclusive-to-Amazon and private label brands, buying brands wholesale, and competing to win the Buy Box over sellers, Amazon is maximizing its presence across various product types.

This increased marketplace presence raises concern with sellers, as direct competition with Amazon can result in loss of the Buy Box, significant sales declines, and/or forced liquidation, among other business impacts.

Samsung Galaxy Tab A 10.1 32 GB WiFi Tablet Black (2019)
by Samsung
★ ★ ★ ★ ☆ 13 customer reviews
| 31 answered questions
Price: **\$229.99** ✓prime
Pay **\$38.33/month** for 6 months with your Amazon Prime Rewards Visa Card
Save **\$20** | Microsoft Office + PC
1 Applicable Promotion

Color: **Black**

Size: **32GB**

Minimal bezel. Maximum view. Watch, stream and browse on a 10.1" Full HD corner-to-corner Display. The lightweight premium metal design goes anywhere you go.

Big sound for big entertainment. The perfect complement to a wide, immersive picture, Dolby Atmos Surround sound fills the room with cinematic clarity.

Binge-worthy Battery. Browse, watch Or shop for up to ten hours on a full charge.

Room for everything. Never delete songs, photos or videos, thanks to ample built-in memory. Plus expand your storage up to 512GB anytime With a Micro SD card.

See more product details

Compare with similar items

Used & new (2) from **\$229.99** ✓prime

\$229.99
✓prime
FREE Delivery Thursday
if you order within 12 hrs 9 mins.
Details
In Stock.
Qty: 1

Add to Cart
Buy Now

Ships from and sold by Amazon.com.

Add a Protection Plan:
 4-Year Protection for \$84.99
 2-Year Protection for \$44.99

Gift-wrap available.
Deliver to Liam - Brooklyn 11211

Add to List

Add to your Dash Buttons

Share

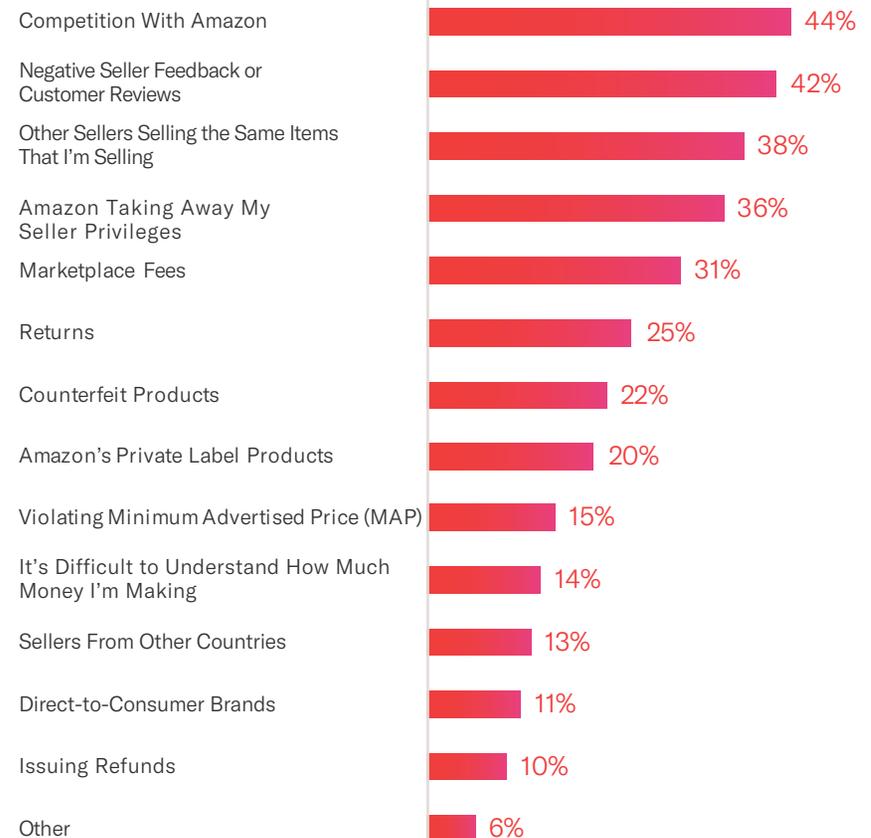
Other Sellers on Amazon

Used & new (2) from **\$229.99** ✓prime

Other top concerns from respondents include negative seller feedback or customer reviews, "other sellers selling the same items that I'm selling," and "Amazon taking away my seller privileges."

Sellers' Greatest Concerns on Amazon

**Sellers could select all that apply*



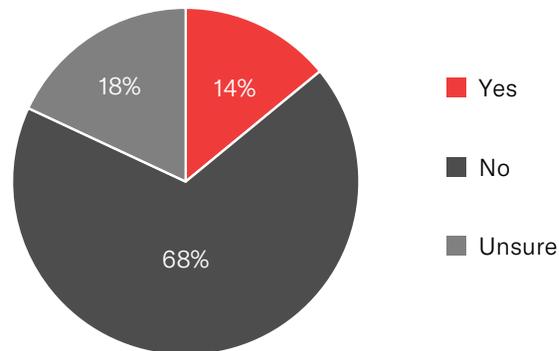
Despite That Fear, Most Sellers Claim They Are Not Negatively Impacted by Amazon's Private Label Brands

The private label trend has continued to grow in popularity amongst both sellers and Amazon itself, with the platform offering 314 exclusive brands and 119 private labels in the U.S. as of March 2019.¹

Despite sellers' apprehension about competing against Amazon, the majority of sellers (68%) claim they are not negatively impacted by Amazon's private label brands.

While this may in fact be true and some sellers may have narrowed their e-commerce niche to avoid head-to-head encounters with Amazon, other sellers simply may not have a true understanding of who they are actually competing with on Amazon.

Sellers' Responses When Asked If They Are Negatively Impacted by Amazon's Private Label Brands



¹Gartner L2

For a true understanding of your competition on Amazon, get in touch with us at [feedvisor.com/connect](https://www.feedvisor.com/connect)

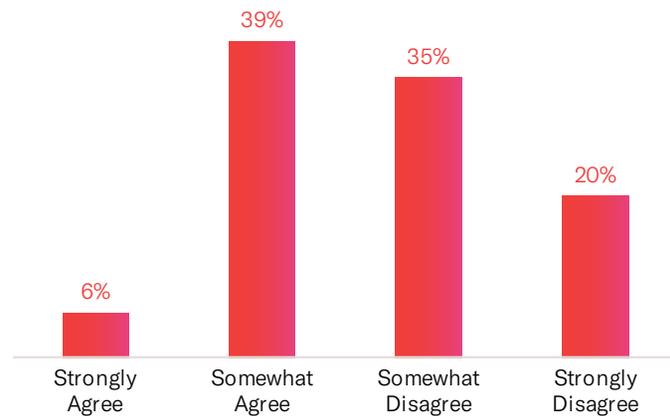


More Than Half of Sellers Do Not Think Amazon Cares About Their Business

“ Amazon doesn't care about my business. They charge me extensive and sometimes hidden fees, and I constantly have to adjust my listings to comply with new policies.

More than half (55%) of sellers disagree with the statement "Amazon cares about my business," while 45% of sellers think Amazon does in fact care.

Sellers' Response to "Amazon Cares About My Business"



As one of the most customer-first companies in the world, Amazon will never deny that everything they do is to benefit the customer, not the seller.

While some policy changes and regulations that Amazon rolls out have positive implications for sellers and others negative, the results to this question are completely dependent on the seller's discretion and their unique experience with Amazon — factoring in whether or not they have faced suspension, been profitable, and had positive interactions with the company.



Sellers Have Bigger Concerns Than Amazon's Push to Shift Brands to 3P

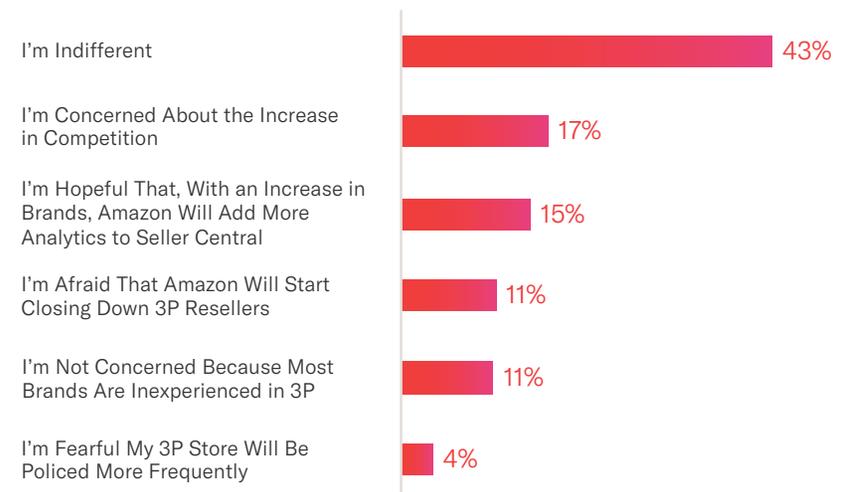
In the first quarter of 2019, Amazon performed a string of actions that revealed their deep focus on strategic, high-volume vendors that they want to maintain vendor-exclusive relationships with, and revealed others will be phased out to the third-party (3P) marketplace.

1. Amazon stopped placing their usual bulk POs with some first-party (1P) vendors.
2. In tandem, some brands reported that Amazon suspended their Direct Fulfillment accounts, receiving notification that no new orders will be sent until reinstatement.
3. Amazon then resumed issuing POs to vendors — with no certainty for how long — but brands are now required to enroll in Amazon's Brand Registry in order to have access to automatic PO fulfillment from Amazon or they will be shifted to the 3P marketplace.



When sellers were asked how they feel about Amazon's initiative to shift brands to the 3P channel, over two-fifths (43%) claimed they are indifferent to the exercise. This indicates that sellers are not bothered by the potential influx in competition and are instead focused on optimizing the performance of their own operations.

Sellers' Feelings About Amazon's Initiative to Shift Brands to the 3P Marketplace



54% of Sellers Started Online and Remain Online

With online retail at the center of and deeply ingrained in consumer culture, the shift to online over in-person experiences is apparent.

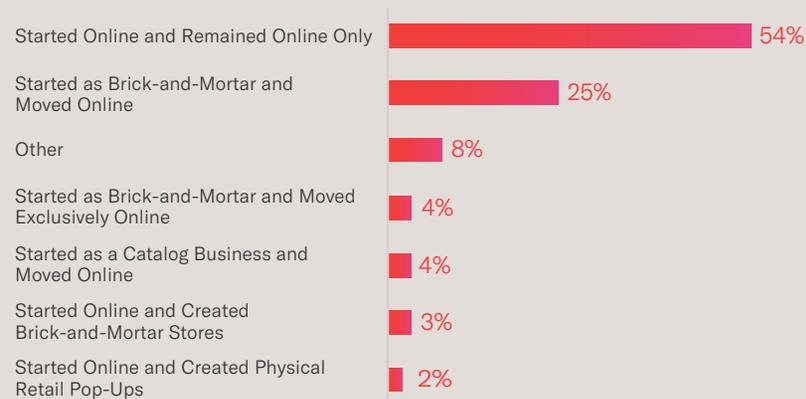
More than half (54%) of sellers began their companies with an online footprint and they remain online only today.

A quarter (25%) of respondents began as brick-and-mortar operations and have now diversified their presence to accommodate for the shift to online.

- Of the sellers generating below \$500K per month in sales, over half (58%) started online and remain online only.

- Of the sellers generating more than \$500K per month in sales, over one-third (36%) started out online and remain exclusively online today.

Sellers' Business Model to Date



All said, three-fifths (60%) of sellers began their businesses online and have either remained that way or adapted to include some form of offline experience. Although there are fewer barriers to entry with an online model, creating these physical outposts, such as pop-up shops and showrooms, shows that physical retail still matters.

Offline destinations, which are frequently used by digitally native brands seeking experimentation with their newly devised retail model, offer businesses a place to reveal new products, demonstrate their brand story, engage with customers and learn about their preferences, and test the waters with new ideas.

When isolating the companies that started out solely online, 6% have expanded to building brick-and-mortar storefronts and 3% have created physical retail pop-ups, and we believe that this “clicks-to-bricks” trend of blending online and offline experiences will only continue to flourish.

Amazon Pay-Per-Click Is Sellers' Advertising Channel of Choice

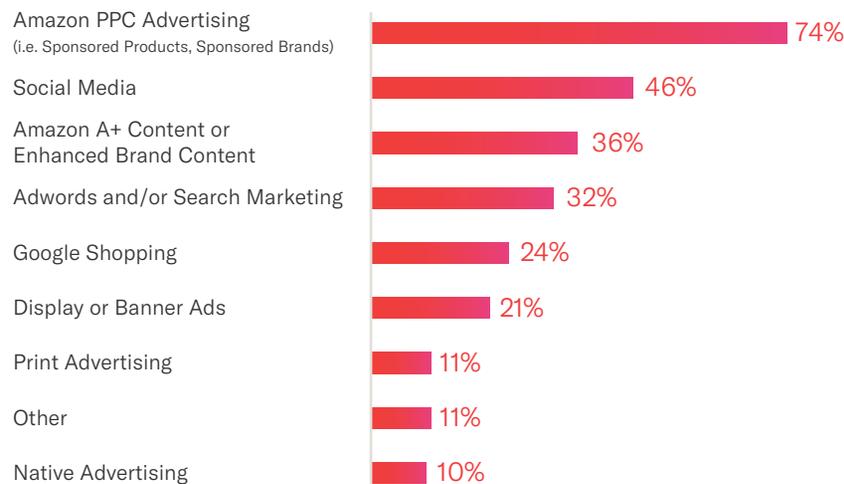
2018 was a critical year for Amazon's advertising business, as it became the third-largest ad seller in the U.S. behind longtime leaders Google and Facebook.

The momentum Amazon generated around its advertising arm last year has carried over into 2019, as 80% of advertisers closed out 2018 with plans to increase their ad budgets this year.¹

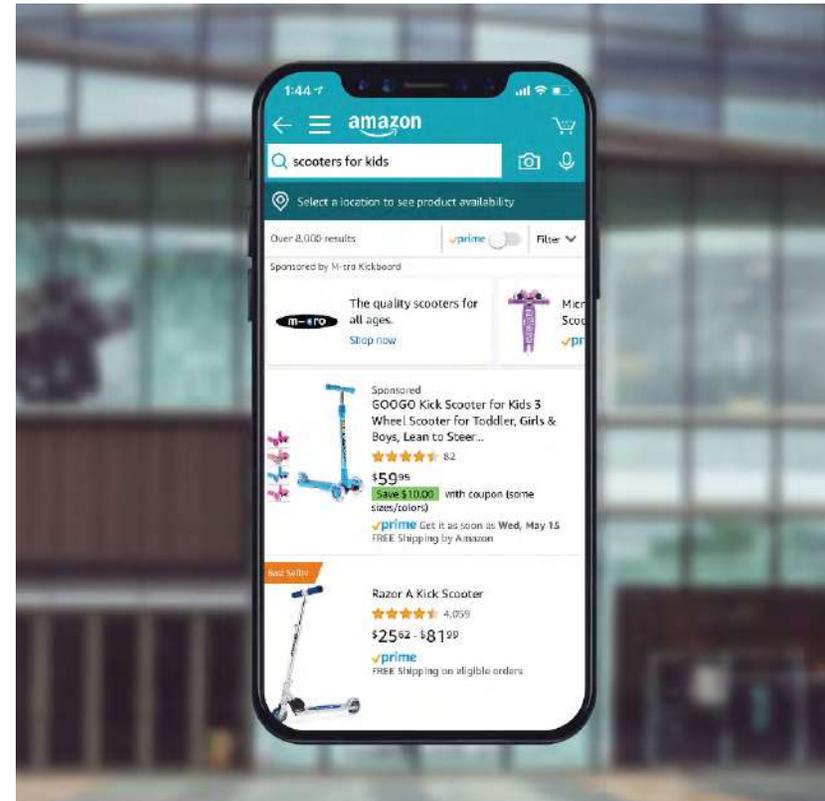
For sellers, the importance of Amazon Advertising in an overall media plan across channels is becoming increasingly apparent. Amazon pay-per-click (PPC) advertising is the preferred method for product promotion and discovery, surpassing other commonly utilized channels such as social media (46%), adwords and/or search marketing (32%), and Google Shopping (24%).

How Sellers Promote Their Products

**Sellers could select all that apply*



¹Marketing Land



For sellers, Amazon's pay-per-click ad options, such as Sponsored Products and Sponsored Brands, have proven effective for product promotion, with nearly three-quarters of respondents (74%) using the burgeoning ad suite to drive discovery and conversion.

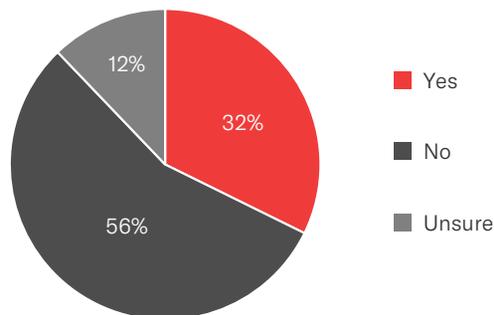
Over 1/3 of Sellers Use Bid Optimization Software for Their Amazon Ads

Although Amazon Sponsored Products have been around since 2012, the company has recently invested a tremendous amount of time and resources into growing its advertising sector and overall adoption for the ad suite is in its early days.

In light of this, it makes sense that more than half of sellers (56%) have not yet begun using tools to optimize their Amazon ad campaigns. However, optimization tools are critically important and will grow as Amazon's ad adoption continues to grow.

More than one-third (37%) of sellers utilize third-party bid optimization software to optimize their ad placements and are seeing success doing so. Other top responses include Amazon ad consulting firms and agencies (24%) and keyword research tools (16%).

Sellers' Response When Asked If They Use Tools to Optimize Their Amazon Ads



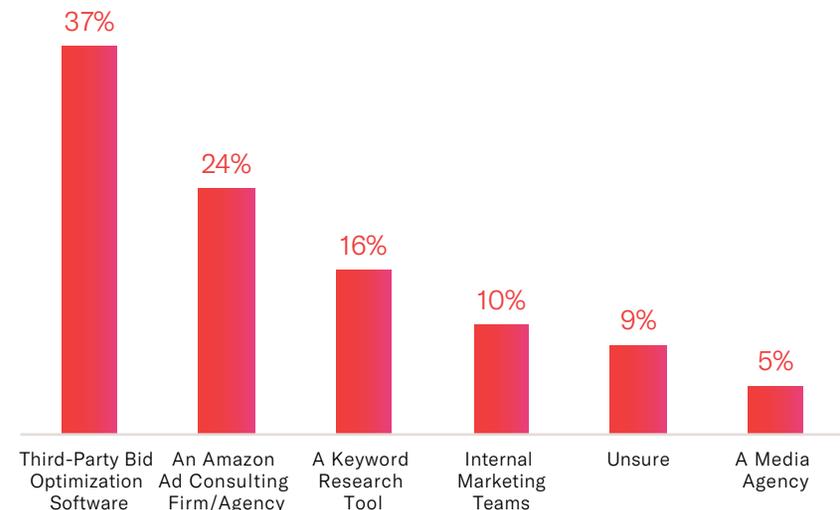
Feedvisor's advertising optimization and intelligence platform leverages proprietary, AI-powered algorithms that automatically adjust bids according to sellers' goals and strategies, harvest keywords, and balance budgets to drive overall advertising effectiveness and efficiency.

Through machine-learning technology, Feedvisor's advertising optimization and intelligence platform automatically adjusts bids according to sellers' specific business strategies, such as liquidation, new product launches, or profit generation. It supports manual and automatic campaigns for keyword harvesting and negative keyword identification and optimizations.

Sellers can select the model that makes the most sense for their business — either a dedicated team of Amazon experts running their advertising campaigns or our self-managed platform for their team to oversee.

[Learn More](#)

How Sellers Are Optimizing Their Amazon Ads

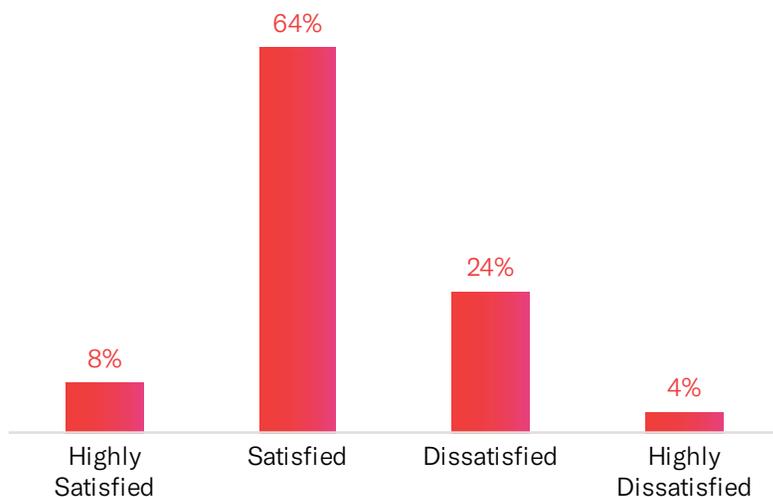


Satisfaction With Amazon's Ad Platform Is High

Amazon's commitment to improving their advertising platform's scalability and ease of use has not gone unnoticed — nearly three-quarters (73%) of sellers are satisfied with Amazon's advertising platform.

By frequently introducing new targeting options, ad placements, analytics, and creative advertising opportunities such as Amazon Stores to advertisers, it is clear that Amazon is taking measures to improve the user experience for sellers engaging in the ad platform and offer additional ways for them to generate demand.

Sellers' Satisfaction With Amazon's Advertising Platform



As Sellers' Businesses Grow, So Does Their Ad Spend

Ad spend is a critical element to any effective Amazon advertising strategy. By consistently examining their search terms and conversion metrics, sellers can truly understand if their advertising spend is being put to good use. Before sellers allocate ad budgets, they should define the strategy and objectives for each campaign upfront.

When looking at how small sellers (those making less than \$500K in average monthly sales) differ in ad spend versus larger sellers (those making \$500K or more in average monthly sales), it is evident that the flywheel effect manifests once sales velocity begins to accelerate.

With an increase in sales comes an increase in ratings and reviews, driving repeat purchases and therefore providing the seller with additional revenue to reinvest in advertising. Although smaller sellers are not investing in advertising as much as their larger counterparts, there is tremendous opportunity for sellers of varying revenue thresholds to capitalize on Amazon's powerful advertising suite to drive discovery and conversion.

Small Sellers

78%
Spend Below
\$10K per Month

Large Sellers

45%
Spend at Least
\$20K per Month

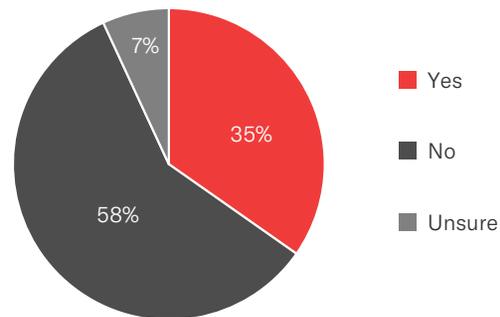
Sellers Limit Their Advertising Scope to Amazon

This may be for reasons including the desire to prioritize and strengthen their Amazon businesses before expanding, they may be seeing a higher ROI on Amazon, or are enticed by the evolution of Amazon's ad suite.

For those who are advertising beyond Amazon, once again eBay and Walmart are the most popular marketplaces. Nearly half (49%) of sellers are also running campaigns across eBay — such as through their Promoted Listings option, which is similar to Sponsored Products — while less (22%) are advertising on Walmart.

These results reinforce the notion that sellers are placing Amazon at the center of their e-commerce strategies, and expanding to eBay and Walmart as supporting platforms.

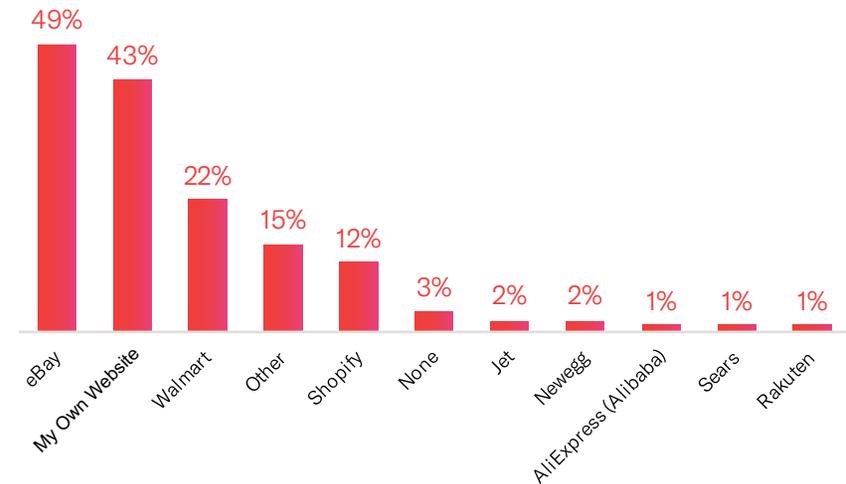
Are Sellers Advertising on Other Online Marketplaces?



Additionally, Feedvisor data revealed that 89% of consumers are more likely to buy products from Amazon than other e-commerce sites, so sellers are optimizing their Amazon strategies to meet their current and future customers where they are — which is on the expansive shopping platform.

Marketplaces Sellers Are Advertising on Besides Amazon

**Sellers could select all that apply*



Despite Overall Confidence, Sellers See Opportunity to Strengthen Advertising

When asked how they think they are doing versus the competition in a variety of categories, advertising is the one where sellers believe they have the most room for improvement.

41% of sellers find themselves to be below average in the ad space compared to their competitors.

Interestingly, nearly half (46%) of sellers believe they are performing above average versus their competitors when it comes to account health score and maintaining positive performance metrics.

To align ourselves with the needs of our customers and the broader market, Feedvisor offers services such as strategic advertising campaign optimization, reputation management, inventory health and replenishment insights, and content listing optimization. In all areas of their businesses besides advertising, a significant majority of sellers (81-95%, depending on the area) find themselves to be performing at least average, if not above average.

There is a wide array of factors that are required to work together to fuel success on Amazon. While different areas of a seller's business can be prioritized at any given time, the right technology and expertise can enable optimized performance across all aspects of an Amazon operation.

How Sellers Compare Against Their Competitors in These Categories

	Below Average	Average	Above Average
Pricing	9%	60%	30%
Product Content	11%	57%	32%
Strategic Advertising	41%	44%	16%
Inventory Management	15%	60%	25%
Ratings and Reviews	18%	52%	29%

For actionable ways to optimize your Amazon performance from end-to-end, get in touch with us at feedvisor.com/connect

Sellers Are Motivated to Improve Key Areas of Their Businesses

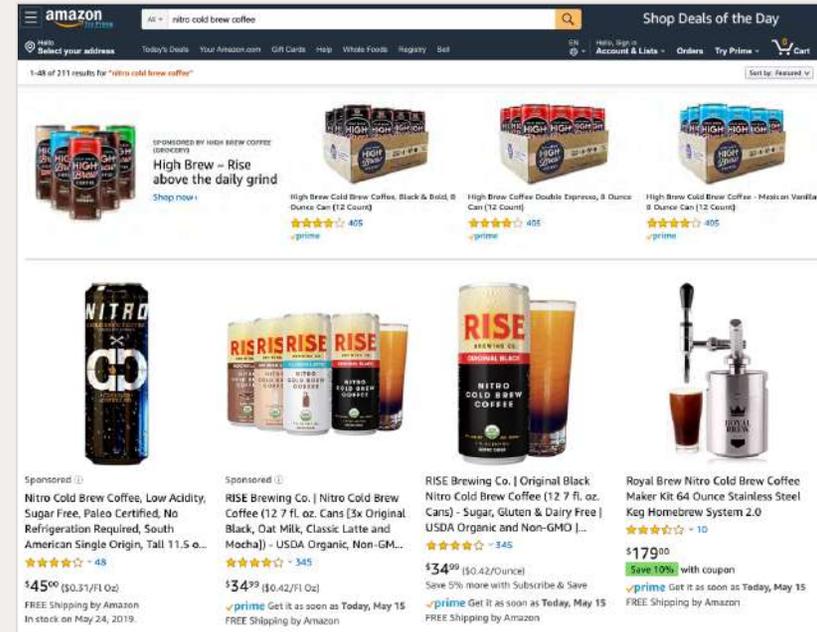
To keep pace with the dynamic Amazon landscape and e-commerce industry as a whole, Amazon sellers constantly need to be educating themselves and sharpening up on best practices, optimizing their strategies to account for new offerings, and finding innovative ways to separate themselves from the competition.

“ When asked what aspects of their business they want to improve over the next year, more than half (51%) cited strategic advertising.

Given Amazon's unrelenting focus on growing its ad business, it is no surprise that Amazon sellers want to incorporate an in-depth advertising strategy to generate incremental demand, sales, and profits.

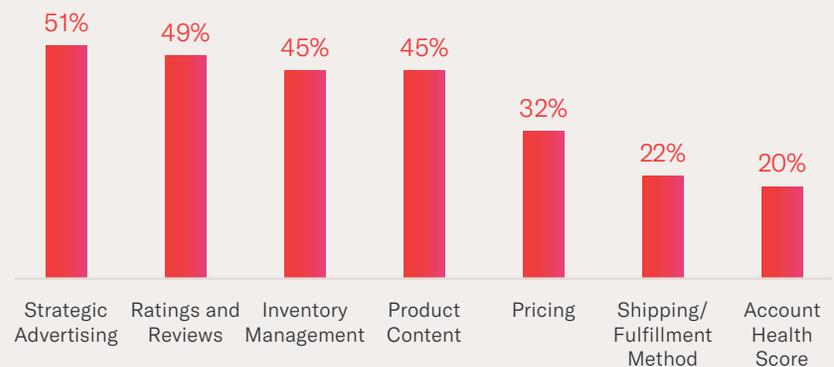
However, in addition to advertising, sellers are focusing on other critical aspects of their business, demonstrating how closely intertwined key areas of the operation truly are.

A close runner-up to advertising is ratings and reviews, with nearly half of sellers (49%) focusing on improving customer feedback over the next year. Other top responses include inventory management (45%) and product content (45%).



Areas of Their Business Sellers Want to Improve Over the Next Year

*Sellers could select all that apply



Catalog Expansion Is the Top 2019 Business Goal for Sellers

Before diversifying to other marketplace platforms – which was the leading business goal for sellers in 2018 – sellers want to expand their existing product line on Amazon.

Nearly two-thirds (65%) cited this as their primary business goal for 2019, demonstrating that sellers want to broaden their catalog on Amazon to both stay competitive and because they can garner if potential demand exists for a product. Sellers are Amazon-centric and focused on maximizing profitability on the platform before broadening their strategy to other marketplaces.

When looking at how sellers' business goals vary by the size of their business, the leading response for both small and large sellers is still expanding their existing catalogs.

However, for sellers in that larger sales bucket, the second most popular response was to launch new private label brands (39%), followed by diversifying to other marketplaces (36%).

For sellers in the smaller sales bucket, the second leading response was to diversify to other platforms (35%), followed by experimenting with more Amazon ad types (32%).

These results translate well, as businesses with more capital want to invest in private label brands. They have witnessed the success of others and are enticed by the lack of direct competition on these ASINs. Smaller sellers who are still ramping up their operations are testing various Amazon ad types to figure out what drives the most value and ROI.

Sellers' 2019 Business Goals

**Sellers could select all that apply*

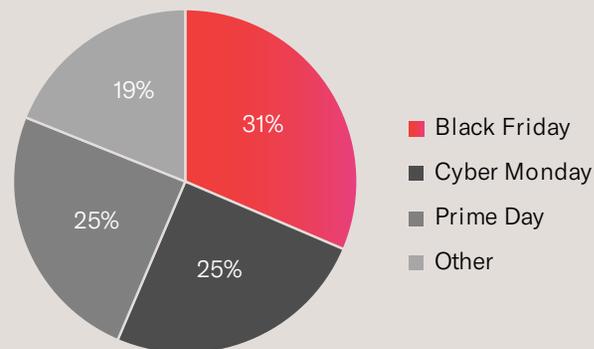


Black Friday 2019 Anticipated to Be the Greatest Sales Driver

Black Friday has repeatedly produced record sales days for Amazon, with the online shopping event no longer just one, isolated day but rather an indicator of the beginning a four-day selling spurt that ends on Cyber Monday, the biggest shopping day in the company's history.¹

When asked which holiday shopping event sellers expect to be the most prominent driver of sales for their company, 31% said Black Friday, closely followed by Prime Day and Cyber Monday with 25% each.

Which Holiday Shopping Event Sellers Expect to Be the Biggest Driver of Sales for Their Company



Sellers that chose “Other” cited the back to school season and winter season in general as other times of year that they anticipate will drive notable performance.

¹CNBC

“ A significant number of sellers make a large portion of their annual revenue via holiday shopping events.

Nearly **three-quarters (73%)** of sellers make **up to half** of their **total sales** for the year on Black Friday, Cyber Monday, or Prime Day.

Looking Ahead

This report aims to provide a comprehensive view into the state of the Amazon marketplace — its relentless growth, shifting nature, and new initiatives — as well as how sellers react and restructure their strategies as a result.

The goal of this resource is to allow sellers to gain an in-depth understanding of how they perform against the competition, where they have room for development and improvement, and how they can make more impactful business decisions to propel marketplace growth.

The State of the Amazon Marketplace 2019 reinforces that selling on Amazon is the most certain way for sellers to maximize their reach, relevance, and ultimately, their revenue. Amazon has completely altered how consumers shop, as nearly three-fourths (74%) of consumers go directly to the platform when they are ready to buy a specific product.

Sellers are figuring out what does and does not work for their specific business, with a common end goal of getting their products in front of Amazon's vast audience. More than one-third (37%) of sellers have no plans to expand their businesses to online marketplaces beyond Amazon, revealing how they are dedicated to optimizing their Amazon storefronts.

However, for those that do have a presence elsewhere, eBay and Walmart.com are the leading marketplaces beyond Amazon — with 56% and 35% of sellers on these platforms respectively.

Amazon sellers are improving performance and finding success — 70% grew their revenue on Amazon over the past year and 56% experienced profit growth.

Advertising is a key focus, with more than half (51%) of sellers motivated to improve their ad performance over the next year. Additionally, private labels are an area with strong growth potential that enhance competitive differentiation, and nearly one-third of sellers have plans to launch new private label brands in 2019.

The rules and opportunities on the Amazon marketplaces are complex and ever-changing — in fact, more than half of sellers (58%) agree in some form that they need help managing their Amazon operation.

To navigate the dynamic e-commerce landscape and keep pace with Amazon, sellers need technology and deep expertise to differentiate themselves, accurately measure their end-to-end performance, and engage with new and repeat customers.

Dani Nadel

President and Chief Operating Officer, Feedvisor

Discover how you can maximize your Amazon performance. Get in touch with us at feedvisor.com/connect

Feedvisor

The “AI-First” Optimization and Intelligence Platform for Large Sellers and Brands on Amazon

Pricing. Advertising. Branding. Intelligence.

Feedvisor's platform and team of experts offer best-in-class algorithmic repricing, strategic advertising campaign optimization, and brand and content management. Together, these features drive demand, profit, and revenue growth on the Amazon marketplace.

17%

decrease in ACoS

23%

increase in gross profits

15%

increase in impressions

“ We leverage Feedvisor's technology platform to optimize our pricing strategy and launch our Amazon ad campaigns on an ongoing basis. The platform, along with their team of experts, provides us with impactful performance insights that we in turn utilize to drive ROI.

– Jack L. | Enterprise Seller



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