

STRATEGIC
SPOTLIGHT

Ecommerce Not Only For Sale

MAY 2019



WAVEMAKER
MEDIA. CONTENT. TECHNOLOGY.

EVERYONE SPEAKS ECOMMERCE

In 2019, majority of people and businesses both talk about and use ecommerce. Despite this, not everybody knows of all the complexities of the digital retail ecosystem.

For many businesses today, there's arguably nothing more pressing on a marketer's agenda to get right than ecommerce.

There are a wealth of digital and technical categories, from precision marketing, to AI, VR/AR, blockchain; some of these are more known than others. Ecommerce however feels like something familiar. It has become a dominant part of our retail landscape, accessed and used by almost everybody in digitally developed markets.

Ecommerce is no longer a distant technical term, only understood by digitally savvy marketers, but something that is so significant it warrants the definition of a selling channel.

Ecommerce: Not Only For Sale was born from the awareness that ecommerce is an entirely independent ecosystem. Ecommerce governs beyond just the dedicated interface for transactions of products and services, to an arena of pricing politics, traffic generation strategies and online conversion tactics.

Ecommerce allows for the real time management of the purchase journey and the online user experience. Digital allows us to affect the consumer around all touchpoints of the purchase journey, from the activation of marketing automation to post-purchase CRM loyalty driving techniques.



IT'S NOT THAT EASY

Simply displaying products on a virtual shop window is not enough. There are a wealth of skills needed to build and grow a sustainable business on the ecommerce field.

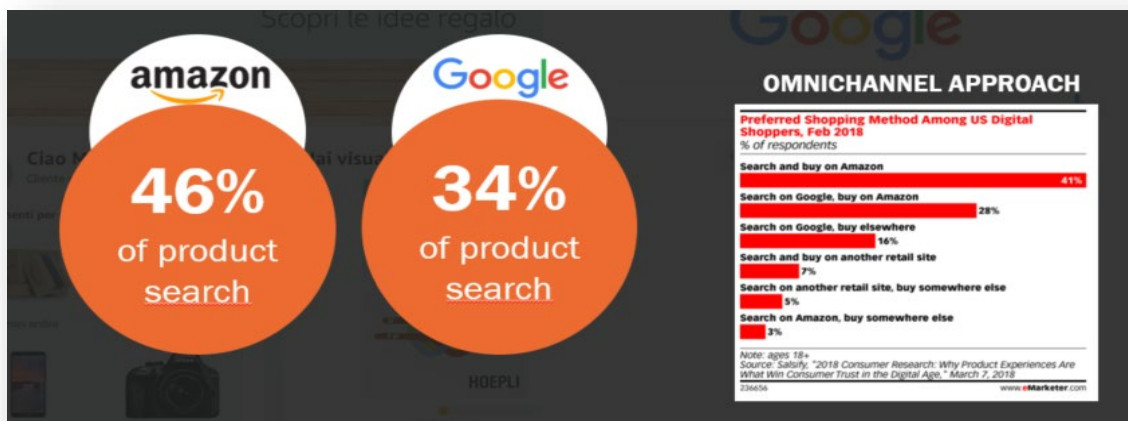
Driving growth online requires an end-to-end methodical approach involving several points of insight. Businesses must assess the market dimension, identify what drives users to purchase, analyze the business opportunities for the category and compare the strategies and positioning of competitors. Importantly, retailers must clearly define the most appropriate ecommerce engagement model and channel priorities from the outset; finding a balance between a route to market strategy through a proprietary ecommerce DTC channel, or through a 'shop window' in a marketplace.

To develop an ecommerce approach in 2019, Amazon is a good place to start. Amazon is a fundamental leading sales channel to most businesses today, but Amazon can't be defined simply as a retailer anymore. Amazon have expanded into tech, advertising, content, and are disrupting categories with their private label product.

AN ECOSYSTEM FULL OF OPPORTUNITIES

Amazon is first and foremost a retailer, so vast consumers engage with it like a search engine. But this is not all Amazon offers; it is an entire ecosystem made up of three core areas:

- **RETAIL:** An infinite digital shelf space and a product search engine. A **shop window** and destination for consumers to purchase almost anything imaginable, offering fantastic consumer experience and delivery propositions, competitive pricing and thousands of product reviews.
- **REVIEWS:** Amazon is relatively comparable to a **social network** when it comes to reviews. Reviews are vital for brands on Amazon to achieve sales. Consumers rely on reviews to better understand product, engage with the brand and other users, and ask questions to vendors. Reviews facilitate a closer relationship between user and product in this way, driving loyalty and conversion.
- **MEDIA:** An **advertising platform** offering media activity across search and display formats. Vendors are able to promote product, intercept the user journey people, drive engagement, impressions and measure, monitor and optimise performance within the AMS interface.



ECOMMERCE IN ITALY

There is a structural delay amongst many Italian businesses regarding Amazon adoption compared to other markets around the world. At Wavemaker, we propose a progressive approach towards Amazon adoption. With a growing level of maturity, we are able to activate and optimize presence on Amazon across each stage.

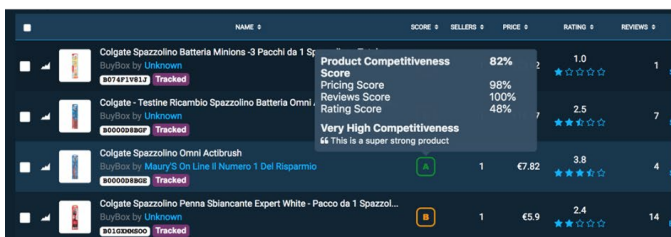
Basic Level

Merchandising Fundamentals

This is an Amazon approach that includes activation and management of the medium. Launching and testing is an approach that makes sense so long as we analyze the results and understand how to improve performance based on our reporting data.

We recommend a combined reporting approach that looks at media results with the sales performances. Our organic positioning in search is critical to understand and get right to drive sales and visibility in a crowded category.

The indexes that determine product listing position and favor their sale / conversion include: price, number of reviews, the quality of the review (stars), Prime eligibility (delivery time). Analysis of these qualities is key to understand if the product has the characteristics to compete equally against other ASINs in organic visibility and, only after that, to then activate a supporting paid campaign.



Developing Level

At this level we suggest an optimization of the **product page (PDP)** and the correct management of **reviews**.

PDP Optimisation and SEO

Exactly as the SEO is managed for traditional websites, Amazon PDPs also need a specific SEO strategy. Visual content and merchandising effect are crucial to building optimal PDPs on Amazon. The number, quality of images and videos and A+ content all aid conversion, whilst keyword density within all written content, title length, product description, number and detail of the bullet points all drive better organic visibility. Ensuring these are covered off in an Amazon PDP SEO strategy is key to increasing probability in products being found and purchased.

Reviews

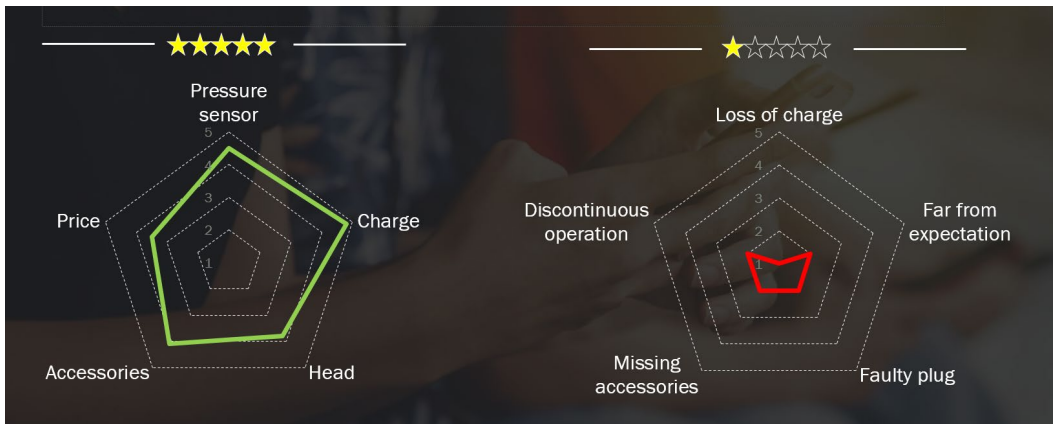
The number of reviews contributes to a products position in search results page and thereby its chance of conversion.

Our **Wavemaker Tool** helps us optimise reviews by:

- Analysing the feeds of Amazon reviews across ratings: The algorithms used for social listening of this kind (Social Intelligence) are extended to the analysis of the reviews on Amazon to scan thousands of cases and review the product positioning or, in some cases, to modify it.
- Scanning review content to conclude on user sentiments and product strengths and weaknesses: Review management of this nature allows to understand user sentiment: which are the elements considered more interesting or important in a product, versus which are considered negative or uninteresting?

Tool Findings

- There is a direct correlation between price, quality and number of reviews and the likelihood of sale.
- Our research shows us that a low priced product is 2 times more likely to be sold based on this correlation, to 4 times as likely for high price products.



Advanced Level

Strategic Insight and Channel Planning

At this advanced level of Amazon planning, we approach the channel strategically by using insights to evaluate the size of the market, the competitive landscape and the difficulty of entry to market. We can ground our decisions in insight by using our **WM Tool** to assess the strength of various points of entry into each market using data.

Merchandising and stock management, including inventory control and product taxonomies on brand stores are now a priority to consider. We must define the ideal **product category** and **SKU lists** for our Amazon proposition. This can often lead to a trade off between the commercial retail priorities of the business, such as best sellers and new season stock, and the real demands from consumers. Importantly, we must ensure internal teams are aligned when defining our stock approach for Amazon and that common KPIs are met across both retail and marketing teams.

The **analysis of the return on the investment** (ROaS for Amazon) is typical of the econometric models and these extend to Amazon. Tracking ROaS as a core KPI makes it possible to complete strategic activities for brands that aim to approach Amazon media planning and sales strategically and obtain the greatest value from their retail proposition.



FACING AMAZON

Amazon is now the third essential walled garden every CMO must necessarily confront with. If brands want to build a sustainable and futureproof ecommerce business model, it cannot be ignored.

Amazon is in many ways the last in order of arrival, but is somehow a synthesis of those retailers and media owners that have come before it, only with an increase in complexity and nuances.

We need to prepare ourselves to face Amazon with robust organisational structure to quickly benefit from the channel. Business growth on the platform requires both retail excellence as well as an ability to adapt and learn about the many rules and algorithms that govern ecommerce on the world's largest online retailer.



FOR MORE INFORMATION

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