Merchandising on Amazon

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Introduction

Goat Consulting helps brands and manufacturers sell on the Amazon marketplace. One of the key benefits to bringing on a partner like Goat Consulting is that it gives brands and manufacturers the opportunity to work with experts who devote their entire focus to the Amazon Marketplace.

This white paper is an introduction to marketing on the Amazon Marketplace and the different functions relating to marketing products. It discusses the topic of merchandising and how the content of product listings affect the Amazon customers' purchasing decision.

We hope that by the end of reading this you have a better understanding of:

- The importance of properly marketing your products on the Amazon marketplace
- How to communicate your product's value to customers through product listing content
- The different merchandising opportunities for selling on Amazon

If you have any questions regarding this white paper or anything Amazon related, please reach out to us at <u>https://www.goatconsulting.com/contact-us</u>.

Merchandising on Amazon Introduction

Amazon is a competitive marketplace. As of this writing, there are more than 2.5 million third party sellers selling on the Amazon Marketplace competing for sales from Amazon customers. With this competition, the over 300 million¹ Amazon customers can browse between similar products to compare value, price and product features. This makes it crucially important to merchandise products by explaining the key product features and how the product is better than similar products.

The listing's pricing, shipping options, product listing copy (bullet points, title, description), images, video, product variations, A+ content, and product reviews all influence Amazon customer's purchase decision. Product listings need to convey the product's value to the customer clearly and quickly because exposure to your product listing will be brief and there is a limited number of characters and images allowed.

¹http://www.geekwire.com/2016/new-study-amazon-reaches-63m-u-s-prime-members-surpassing-half-of-customer-base-for-first-time/



Brand Registry

A major driving force which makes Amazon such a huge marketplace is the trust customers place in Amazon. Customers need to know that when they purchase products online, they are going to receive an authentic product that is merchandised correctly and accurately toward them. The growth of third-party sellers on Amazon has increased the product variety and competition between sellers, but with that massive growth comes fraudulent sellers. Anyone with a valid product offer can adjust the copy and images of a product listing, it becomes a challenge for deciding which content Amazon merchandises and displays.

Amazon has combated this issue with the introduction of Brand Registry. Brand Registry is the platform sellers can use to help protect their intellectual property and help create an accurate and trusted experience for customers on Amazon.² Sellers can register trademarks and patents with Amazon Brand Registry for products they sell which allows sellers to have greater influence and control over branded product listings.

Brand Registry allows additional brand building benefits including A+ Enhanced Brand Content, Stores, Sponsored Brand campaigns, and the Brand Dashboard. Brand Registry is a vital part of merchandising and Marketing on Amazon.



² Amazon Brand Registry - https://brandservices.amazon.com/

Search Terms

Most customers shop on Amazon by inputting the keyword to what they are searching for. This is called the search term.

The Amazon Search Bar, customer's starting point for shopping on Amazon



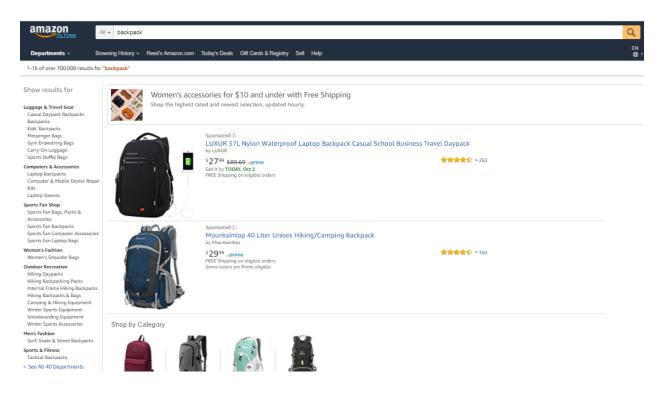
A single product may be known by countless search terms. These are the customers that knows what type of product they are looking for but may not know the exact product or want to compare like products. For example, let's say you sell a backpack. A customer may input into the search bar: backpack, school backpack, green backpack, large backpack, camping backpack etc. It is important to align what you are offering with relevant search terms that a customer might search to find your product.

From your perspective as a seller one of the first things to focus on when writing the copy for product detail page is creating a list of search terms most associated with the product. When considering keywords, put yourself in the shoes of your potential Amazon customer. What words are they going to type into the search bar to look for your product? It's important to incorporate these keywords into the title, bullet points, description and search terms of your listing. This will ensure your listing is 'indexed' or included on the search results pages for when a customer searches for that type of product. You are telling the Amazon search algorithm what product you are selling so they can match it with what a customer is searching for.

Next, we will discuss the search results page and show how a product is merchandised once a customer hits search after inputting

Search Results Page

The search results page is the page that displays when a customer inputs a search term into the search bar and hits enter. When this occurs, Amazon's algorithm creates a list of all the product listings that are related to that search. This list is sorted from top to bottom to align what the customer is searching for, with the best value and experience for the customer. This considers sales volume, shipping/fulfillment, seller reviews, and product reviews. The Amazon search algorithm is trying to display the products that provide the best shopping experience for the customer.



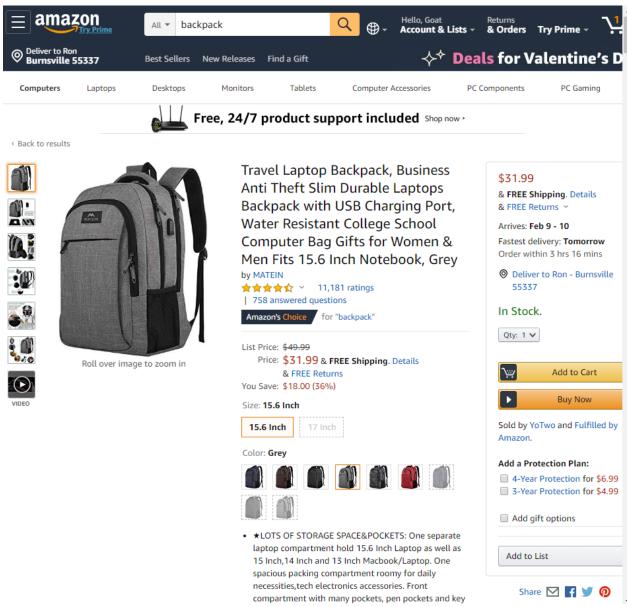
This is the first exposure to the type of product is looking for and the first merchandising opportunity to expose their product to a customer. A customer can see: the main image of the product, the title, price, brand, star rating and count, and best shipping option showing when they will receive the product. A customer from a high level decides which product they would like to click to learn more about and they are taken to the product listing page.

The product listing page is your opportunity to convey to the customer why they should buy your product.



Product Listing Page Overview

The product listing page is your opportunity to explain to the customer product features and details and convince them to convert to a customer. Here is an example of a product listing page from our backpack search.



Product Listing Page on Amazon³

In the next sections, we will dissect each portion of a product listing that sellers can merchandise.



³ https://www.amazon.com/Backpack-Business-Charging-Resistant-

Computer/dp/B06XZTZ7GB/ref=sr_1_4?keywords=backpack&qid=1580831877&sr=8-4

Product Listing Copy (Title, Bullet Points, and Description)

Product listing copy is the text within the product listing that explains what the product is, the product features, and reasons for a customer to purchase. Amazon has specific character limits for each section that requires sellers to use the best copy in a limited amount of space. Copy is where search terms are indexed by Amazon's search algorithm. The algorithm tells what the product is, or "indexes" those search terms. This section will explore the title, bullet points, and product description.



Title

The title is an important aspect of the product detail page's copy because it is one of the first things consumers see about your product. The title shows up prominently in the product listing as well as other areas in Amazon Advertising. The title should read easily, summarize important key features, include the brand name and a brief description of the product. Certain placements of Amazon content only displays the first part of the title, so the beginning portion of the title should contain the most important aspects of the product.

Bullet Points (Key Product Features)

Bullet Points or key product features are displayed on Amazon in five bullet points. Each bullet point should be unique in that each should address a separate key feature or value proposition of the product. This section should explain not only what the product is with specific product information so a customer can make an informed purchasing decision, but also explain the value and benefits of purchasing this product over competitors.

Description

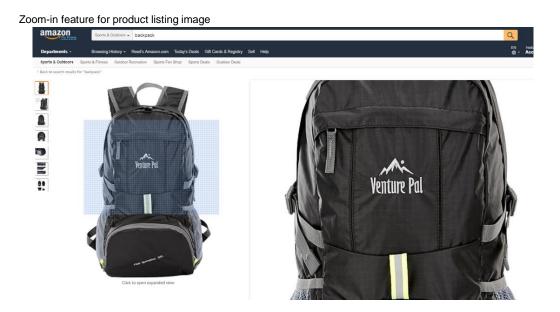
The product's description has a larger character limit than the key features, allowing sellers to go into more detail describing the product. Sellers should use this section of copy to provide the details about the product which were left out of the bullet points or to expand upon the key



product feature ideas. This is a good section to include information about the brand or manufacturer of the product.

Images and Video

When a customer shops in a traditional brick and mortar store they can pick up and inspect the product. They can take a closer look at the quality and inspect the packaging and labels. Amazon customers are no different. Images and videos provide customers a visual of the product. During the 2015 holiday season, 70 percent of purchases on Amazon were made on a mobile device.⁴ As more purchases online happen on mobile devices, images of your product are more important than ever.



Images

The phrase "a picture is worth a thousand words" is just as applicable on Amazon as in other uses. It is a visual representation of what a customer will receive. The main image for the product is the one that will be displayed with the product title on the search results page. Aside from that main image, you can upload up to six other media files to be displayed on your product listing page. Uploaded images should be at least 1000 x 1000 pixels in order to enable Amazon's zoom-in feature.

The zoom-in feature allows Amazon shoppers to hover over your images for a zoom-in view. This allows shoppers to closely inspect all elements of the product. Images uploaded should be in JPEG and videos in MP4. Amazon's compliance guidelines state:

Every product on Amazon needs one or more product image. The primary image of your item is called the "MAIN". The MAIN image represents an item in search results and browse pages and is the first image customers see on an item's detail page. Choose images that are clear, easy to understand, information-rich, and

⁴http://www.businesswire.com/news/home/20151227005030/en/Amazon-Celebrates-Record-Setting-Holiday-Prime-Amazon-Original



attractively presented. Images must accurately represent the product and show only the product that's for sale, with minimal or no propping. Images are very important to customers, so quality matters.⁵

Avoid busy images that distract from your product. The main image should be a front profile of the product with a white background. The other seven images should be an assortment of side profile images, label images, and lifestyle images of the product in use. Images can make or break the success of a listing on Amazon. Poor images will shake potential customer's confidence in your product and can result in them purchasing alternative products. Great images allow customers to fully inspect all aspects of the product, increasing conversion rate for your listing.

Video

A Video file can be uploaded to a product listing and are great for informing customers about the product and your brand. This is a great merchandising tool for customers to engage with your product by seeing it in action.

⁵ https://www.amazon.com/gp/help/customer/display.html?nodeId=200202110

Product Variations

Product variations (or parent child variations) merchandising like-products together on a single product listing. Amazon allows sellers to combine similar products on to one product listing, which can create an easier shopping experience for customers. Variations are allowed on certain product categories and can be grouped by size, color, number of units, style, and others. For example, the seller of this backpack has merchandised their backpack listing to include all similar style backpack but with variations on size and color. A customer can browse easily to assess whether they want a small or a large backpack and what color all in one page for this style.

Travel Laptop Backpack, Business Anti Theft Slim Durable Laptops Backpack with USB Charging Port, Water Resistant College School Computer Bag Gifts for Women & Men Fi 15.6 Inch Notebook, Grey



 *LOIS OF STORAGE SPACE&POCKETS: One separate laptop compartment note 15.6 Inch Laptop as well as 15 Inch, 14 Inch and 15 Inch Macbook/Laptop. One spacious packing compartment roomy for daily necessities, tech electronics accessories. Front compartment with ma pockets, pen pockets and kev fob hook, make your items organized and easier to find

Aside from a better visual representation of like products, a benefit of linking similar products together is that sales of all the child products (each individual SKU) is summed up into one product listing, which will help in ranking higher in search results page.

A+ Enhanced Brand Content (EBC)

Product copy in the title, bullet points and product description must be merchandised in plain text, whereas A+ Enhanced Brand Content allows sellers to add custom modules and include graphic images, charts and text to highlight additional features of the product and brand. These modules are great for educating your customers about your brand, further explaining the product above and exposing them to other products you offer. Charts can be a visual way to compare different models of a set of products you offer. As mobile shopping becomes more prevalent, A+ is more important as it is featured higher on the product listing page than other copy areas such as bullet points and product description.

About Venture Pal Packable Backpack





The foldable Lightweight Outdoor Hiking backpack with a stylish look great for day-to-day use or occasional travel. Furthermore, Venture Pal backpack is the perfect Companion no matter outdoor sports or leisure activities in or out of the city. Also it is suitable to regard as gift for your family or friend or colleague.

Compact, Lightweight and Roomy





A true space saver. Fold the backpack into its own pocket for storage— (more excess baggage fees), and unfold it when you reach your destination in seconds. To avoid overweight charge, simply unfold from your checked bags and use it as a carry on for your excess baggage.

DIMENSIONS: Fold: 9x8.5x2.2 inches Unfold: 20x13x7.5 inches

Carry-on size by American Airlines for your reference(HxWxD) : 22x14x9 inches

A+ Enhanced Brand Content Example

Product Pricing

Pricing a product correctly is extremely important on Amazon.com due to the transparency of similar products for sale. Amazon allows consumers to easily compare the value of many products at the same time. This section considers pricing comparing retail price, sales price, business price and coupons. These are all different ways sellers can merchandise products differently as it relates to price.

Retail Price

If a product is priced too high in relation to similar products – resulting in low sales conversion, the product will not be ranked well organically on product search result pages. This will make it difficult for customers to find the product. Consumers will likely select cheaper alternative products unless the product is sold under a luxury quality-focused brand that justifies the pricing premium.

A feature of selling on Amazon, is that Amazon allows multiple sellers make a sales offer on the same product and compete for the buy box, which is the Buy Now button and the traditional way customers purchase a product. If the product is offered at too high of a price relative to other sellers making an offer for the same product, the seller will not receive the buy box and make little to no sales. It may be difficult for wholesalers and resellers to protect their margins on Amazon when competing directly with manufacturers and brand owners.

If you have a wholesale approach to selling to retailers and do not price your products correctly, retailers may have the ability to sell those products on Amazon for a profit. Which will then require you to compete against yourself on the product listings of the brand that you own.

Selling to Amazon through Vendor Central, the manufacturer forgoes the ability to set retail prices and they will be set by Amazon. These prices are often the lowest online and sometimes lower than brick and mortar alternatives. This is a major factor contributing to the decline of brick and mortar stores and the rise of Amazon: Amazon charges the lowest price. Understanding your sales model and understanding the costs of selling on the marketplace is vital for protecting your brand on Amazon.

Sales Price

Third party sellers can create a sales price that is discounted off the retail price. This can be seen in our backpack example, where the list price is \$49.99 and the sales price is \$31.99. Not only is this a price discount but the price is slashed out showing the discounted difference with dollar and percentage savings.

```
List Price: $49.99
Price: $31.99 & FREE Shipping. Details & FREE Returns
You Save: $18.00 (36%)
```



Business Price

Amazon Business is a free to opt-in platform that makes it easy for buyers within businesses to procure office supplies (or any products) for your organization. It is built off the same regular customer marketplace, however, you are able to view business-only savings discounts, allow purchase workflows, multiple users, and corporate purchasing cards. From a seller's perspective, this is an opportunity to sell in bulk and to sell directly to B2B customers. Sellers create quantity discounts that are merchandised to Amazon Business customers exclusively. For example, you can create a 10-unit count for 10% off, 20-unit count for 20% off, etc. You as the seller can set these quantity discounts at a fixed dollar off or a percentage off.

Automate Pricing

Amazon offers a tool for third party sellers on Seller Central to automatically adjust pricing of products in your catalog. Currently, sellers have the ability to create the following automatic pricing rules:

- Competitive Buy Box lower the price to win the buy box
- Competitive Lowest Price lower the price to have to lowest offer
- Competitive External Price create the lowest price from what Amazon sees across publicly available pricing information on and off of Amazon.com
- Based on Sales units adjust pricing based on the number of units you have in order to improve stocking

Negotiated Pricing

If you have an established relationship with an existing vendor, you can set up negotiated pricing. This allows you to add your customer and upload a specific pricing schedule with an expiration date. This tool can be helpful for sellers that have existing relationships and funnel all sales through Amazon.

Coupon

Providing customers with a coupon is another way sellers can merchandise their product to be more attractive from a pricing perspective. A coupon is a seller funded discount that allows sellers to discount their product between 5% and 80% of the lowest price for the product in the last 30 days. Coupons can be percentage off or a flat dollar amount. These can be a driving incentive force to convert dollar conscience customers into sales. Here is an example of what a 10% off coupon looks like on Amazon:

Price: \$25.99 & FREE Shipping. Details & FREE Returns
Coupon
Save an extra 10% when you apply this coupon. Details

10% off coupon from a backpack product listing⁶

Retail pricing, sales price, and coupons all contribute to product listing pricing and can be a major lever in merchandising that can affect whether a customer purchases your product vs a competitor's product or even another offer on your product listing.



⁶ https://www.amazon.com/Sosoon-Anti-Theft-Resistant-Polyester-15-6-

 $Inch/dp/B07RDL99Q5/ref=sr_1_7?keywords=backpack&qid=1580833627\&sr=8-7$

Closely related to product listing pricing is promotions, which is what we will explore in the next section.

Promotions

Promotions are another merchandising option to incentivize a customer into purchasing your product. The main promotion options on Amazon for sellers include: Social Media Promo Code, Percentage Off, and Buy One Get One.

Social Media Promo Code

Sellers can create a custom promotional code you can distribute through social media, emails, or other forms of influencer marketing. These promotional codes allow the end customer to input the code at checkout to receive a seller designated percent off the retail price. Sellers can opt-in to share the promotional code with Amazon Influencers and Associates programs, which are Amazon's network of influencers. Influencer marketing can be a powerful merchandising tool as customers have a trust in the promoter, and the influencers can earn a referral fee which creates an incentive to sell your product.

Percentage Off

The percentage off promotion allows sellers to creatively promote additional sales of the promoted product as well as cross-promote complementary or supplementary products. A few ideas for percentage off promotions include:

- Quantity discount If a customer purchases X units of your product, the customer can receive X% off. This is like Amazon Business bulk offers, but this is not restricted to just Amazon Business customers.
- Offering % off a complimentary product This is providing a percentage discount off of a group of products sold by you if the customer purchases multiple items. For example, If you are selling a backpack, you can offer a % off if the customer also purchases the laptop case you offer.

Special offers and product promotions

Size:	15.6 Inch Color: Grey
	 Save 5% on Anti Theft Crossbody Bag for Women when you purchase 1 or more Travel Laptop Backpack offered by YoTwo. Select "Add both to Cart" to automatically apply promo code Q40AZBS9. Here's how ~ (restrictions apply)
	Add both to Cart
	 Save 5% on Extra Large Backpack with Digital Scale when you purchase 1 or more Travel Laptop Backpack offered by YoTwo. Select "Add both to Cart" to automatically apply promo code IHUM42Q4. Here's how ~ (restrictions apply)
	W Add both to Cart
	 Save 5% on Matein Business Laptop Backpack when you purchase 1 or more Matein travel laptop backpack offered by YoTwo. Select "Add both to Cart" to automatically apply promo code MATEINBAG. Here's how ~ (restrictions apply)
	W Add both to Cart
	 Save 5% on Matein Baseball Backpack when you purchase 1 or more Matein Travel Laptop Backpack offered by YoTwo. Select "Add both to Cart" to automatically apply promo code BLKBAG66. Here's how ~ (restrictions apply)
	W Add both to Cart
	 Save 10% on Matein usb c cable 15 ft when you purchase 1 or more Matein travel laptop backpack offered by YoTwo. Select "Add both to Cart" to automatically apply promo code USBCCABLE. Here's how ~ (restrictions apply)
	W Add both to Cart
	 Get a \$75.00 statement credit after first Amazon.com purchase made with new Discover it a card within 3 months. Terms and conditions apply. See offer for details. Apply now

Example of Promotion on Amazon Detail Page⁷

⁷ https://www.amazon.com/Backpack-Business-Charging-Resistant-

Computer/dp/B06XZTZ7GB/ref=sr_1_4?keywords=backpack&qid=1580833627&sr=8-4

Buy One, Get One

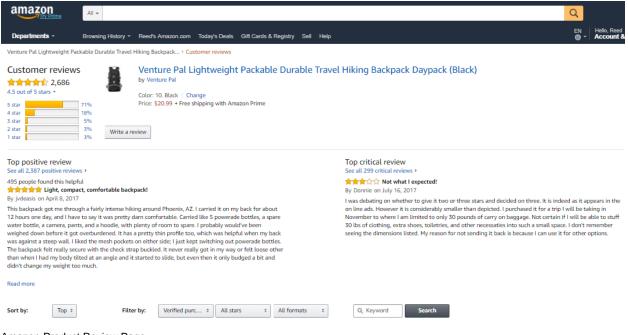
This type of promotion is great for sellers that are trying to sell a new product and want to get some product awareness out to their existing customers. Sellers can create a promotion with conditions stating that if a customer purchases a certain amount of one product, they will get another item for free.

Product and Seller Reviews

Product and seller reviews create a feedback system so customers can feel confident in making a purchase on the marketplace.

Product Reviews

When a customer makes a purchase, they can provide feedback on the product they received. The text customers write is called the product review. The one to five-star rating provided by a customer is the product rating. The product rating is displayed on the search results page as well as on every detail page. Customers can click into further detail to see all the reviews and find further information such as how many people found a specific review is helpful and when reviews were submitted. Sellers can use this information to improve their products as this is direct feedback on the product.



Amazon Product Review Page

The product review rating is held in high regard by Amazon customers. A star rating of 4 to 5 stars with many reviews shows that many customers have purchased and enjoyed the product. A star rating of 1 to 3 stars with few reviews show either the product is low quality or did not align with the expectations of the customer.

Since the product rating is one of the first things an Amazon customer looks at when browsing for products, it can either invite them to click on your product detail page or scare them away to alternative products.

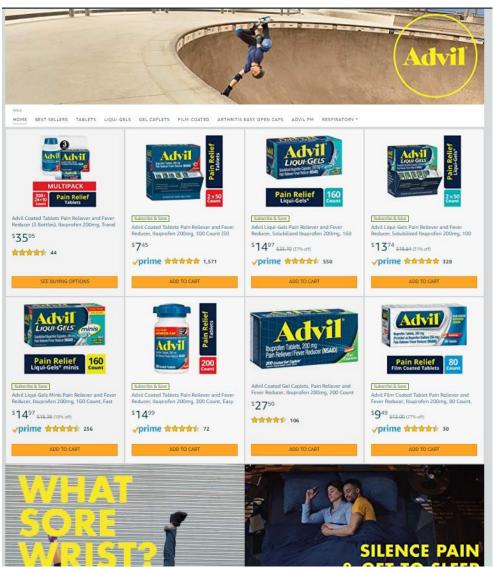


Seller Reviews

Seller Reviews are feedback regarding the shipping and seller to customer interaction. The seller review rating on seller central (different than a product review) is important to track because a poor seller review rating can cause sellers to lose the buy box, indicate to potential customers you are unresponsive, or get your Amazon sales account suspended. Alternatively, if you provide excellent customer service, the seller reviews section can show potential customers that you are an experienced seller and have an outstanding experience buying from you. Amazon customers can grade a seller based on whether the product delivered is as advertised, if the product was damaged in transit and the customer service for the product that's provided.

Amazon Storefront

Brands that have enrolled in the Brand Registry program can create an Amazon Storefront (Stores). Stores provides brands the opportunity to create a customized portfolio of the products you sell. The drag-and-drop system is easy to create a multi-page store that can be customized to your brand's merchandising. You can create pages based on product types, use cases, feature new products, and anything else you can think of to merchandise your products. Once created, you can have a customizable URL to send traffic from ads or outside marketing in the form of https://www.amazon.com/YOURBRAND. Here is a design example from Advil:



Example of Advil's Amazon Storefront⁸

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⁸ https://www.amazon.com/advil?channel=amazon-stores

Conclusion

Considering how your products are merchandised is vital for successfully selling on Amazon. Amazon provides many opportunities to showcase your product and brand to align your product with what a customer is looking for and convince potential customers to buy your product.

Goat Consulting offers third party Account Management to brands and manufacturers selling on the Amazon.com marketplace. Whether you are just expanding to the Amazon channel or you have been selling for some time but need some assistance, we are here for you. We hope that after reading this white paper you have a better understanding of:

- The opportunity of selling on Amazon
- The importance of merchandising your product
- The different opportunities available to brands and manufactures to merchandise your product

If you have any questions regarding this white paper or anything Amazon related, please reach out to us at <u>https://www.goatconsulting.com/contact-us</u>

Contributors

William Tjernlund, Reed Thompson, Eric Sutton, Keaton Sieve, Sam Rayner, Mike Gray, Liz Carson, Tom Malz, Elena Calderón

Notes

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