

WELCOME TO THE WEBINAR

We will begin shortly

Developed in partnership with:



VIRTUAL SPRING MEETING

Join us Wednesday, June 3rd
1:00pm to 3:00pm

This 2-hour event features two informative presentations focused on business resiliency, strategy, and adaptation for Vermont's specialty food & beverage producers and supporting industries who are making their way through the current crisis.

FREE to VSFA/VRGA Members; \$10 Non-Members

Learn more and register here: <https://bit.ly/VSFASpringMeeting2020>

Selling on Amazon

Tom Funk
Senior Consultant

Wednesday Webinars Series



OPTIMIZING YOUR ECOMMERCE STRATEGY

with ***Bud Reed*** | Wednesday, May 13th



SELLING ON AMAZON

with ***Tom Funk*** | Wednesday, May 20th



DIGITAL COMMUNICATION WITH YOUR CONSUMERS

with ***Katie Wight*** | Wednesday, May 27th

Today We Will Cover

- 1. Amazon Business Case**
- 2. Covid-19 Challenges & Opportunities**
- 3. How to Sell More on Amazon**
- 4. Product Optimization**
- 5. Operations**
- 6. Advertising & Promotion**

The Amazon Business Case

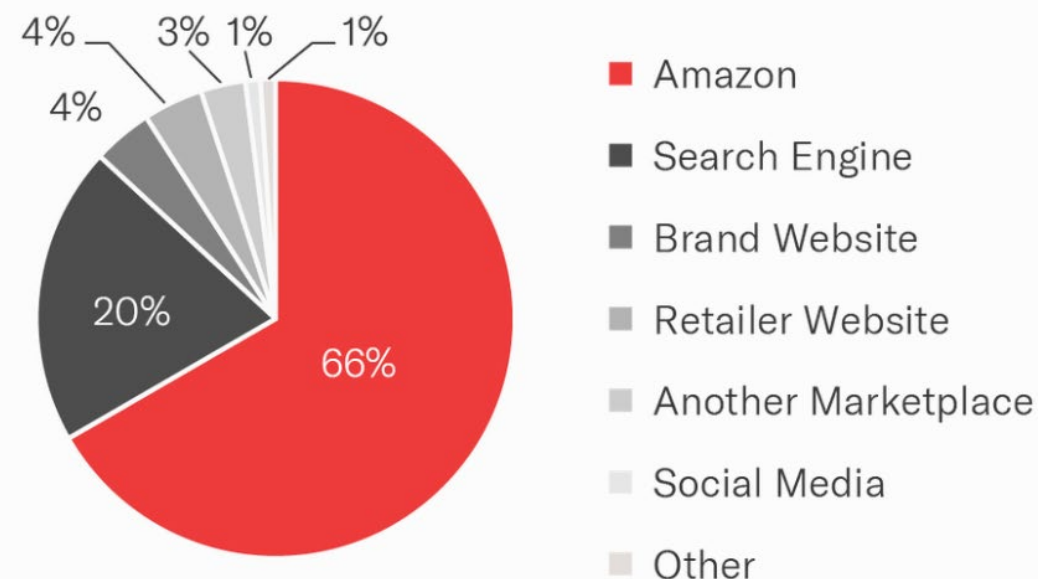


89% Are **more likely to buy** from Amazon than any other site

66% **Start** their search on Amazon

48% of Amazon's **150 Million Prime members** buy online **every week**

Where Consumers Start Their Search for New Products



Why Amazon?

- **Growth**: \$140B+ and growing ~**20%** a year, Biggest ecommerce platform in US.
Third-party Marketplace (**Seller Central**) = over half of Amazon's retail sales.
- **Market share**: If you're not getting the sale on Amazon, your competitor is. Likely **75% to 85%** of your Amazon buyers will be new to you.
- **Profit**: Even after commission, storage, shipping and advertising, Amazon can be a **profitable channel** – for businesses large and small.



Why Not Amazon?

- Amazon (not you) **owns the customer.**
- **Risk** of unilateral changes – including loss of selling privileges.
- **Costs** of commissions and fees.
- **Counterfeiting**, arbitrage, etc.
- **Loss of control** of the selling experience, brand.
- **Cannibalizing** your core business?



61%

Amazon **taking away**
my seller privileges



44%

Amazon **selling**
my items



43%

Negative
customer feedback

Ways to Sell

1P (first-party) via **Vendor Central**

Larger brands sell wholesale to Amazon (and Amazon Fresh, Whole Foods).

3P (third-party) via **Seller Central** aka Amazon Marketplace

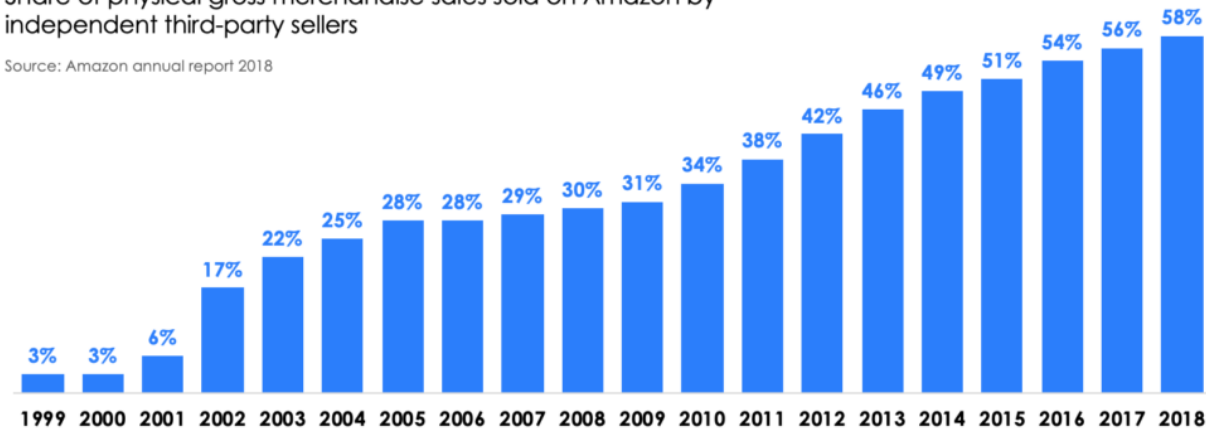
Sell directly to Amazon shoppers. Ship orders yourself (FBM) or consign to Amazon's warehouses for fulfillment (FBA).

3P: Amazon's Retail Growth Engine

Amazon's 3P sales trend

Share of physical gross merchandise sales sold on Amazon by independent third-party sellers

Source: Amazon annual report 2018



HOW MUCH DO SELLERS MAKE?



49%

Less than \$100K



36%

\$100K-\$1MM



13%

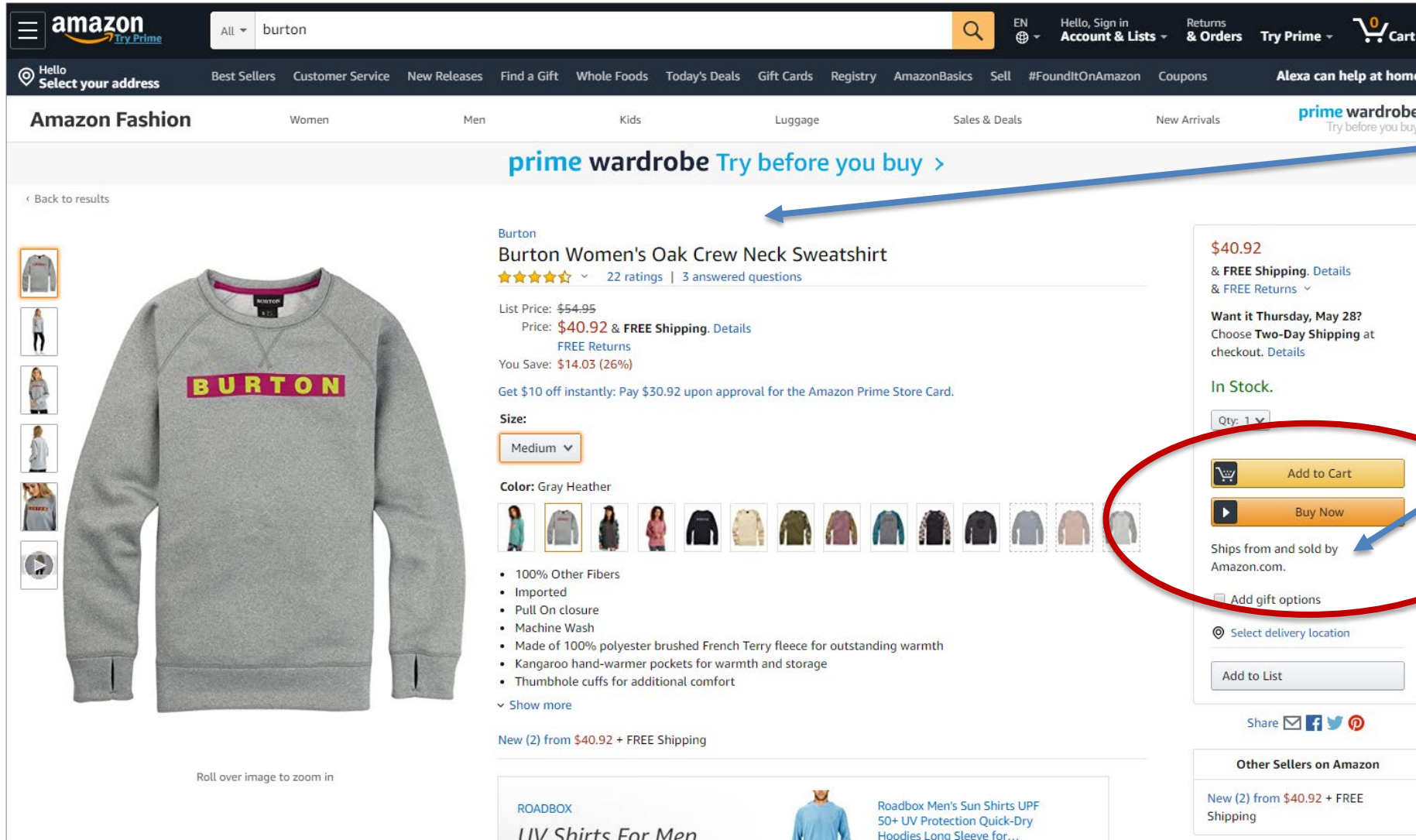
\$1MM-\$10MM



2%

More than \$10MM

Fewer than
0.6%
sell more
than \$50
million



amazon

Search: All burton

Amazon Fashion

prime wardrobe Try before you buy >

Back to results

BURTON

Burton Women's Oak Crew Neck Sweatshirt

★ ★ ★ ★ ★ 22 ratings | 3 answered questions

List Price: \$54.95
Price: \$40.92 & FREE Shipping. Details
FREE Returns
You Save: \$14.03 (26%)

Get \$10 off instantly: Pay \$30.92 upon approval for the Amazon Prime Store Card.

Size: Medium

Color: Gray Heather

- 100% Other Fibers
- Imported
- Pull On closure
- Machine Wash
- Made of 100% polyester brushed French Terry fleece for outstanding warmth
- Kangaroo hand-warmer pockets for warmth and storage
- Thumbhole cuffs for additional comfort

Show more

New (2) from \$40.92 + FREE Shipping

ROADBOX UV Shirts For Men

Roadbox Men's Sun Shirts UPF 50+ UV Protection Quick-Dry Hoodies Long Sleeve for...

Ships from and sold by Amazon.com.

Add to Cart

Buy Now

Add gift options

Select delivery location

Add to List

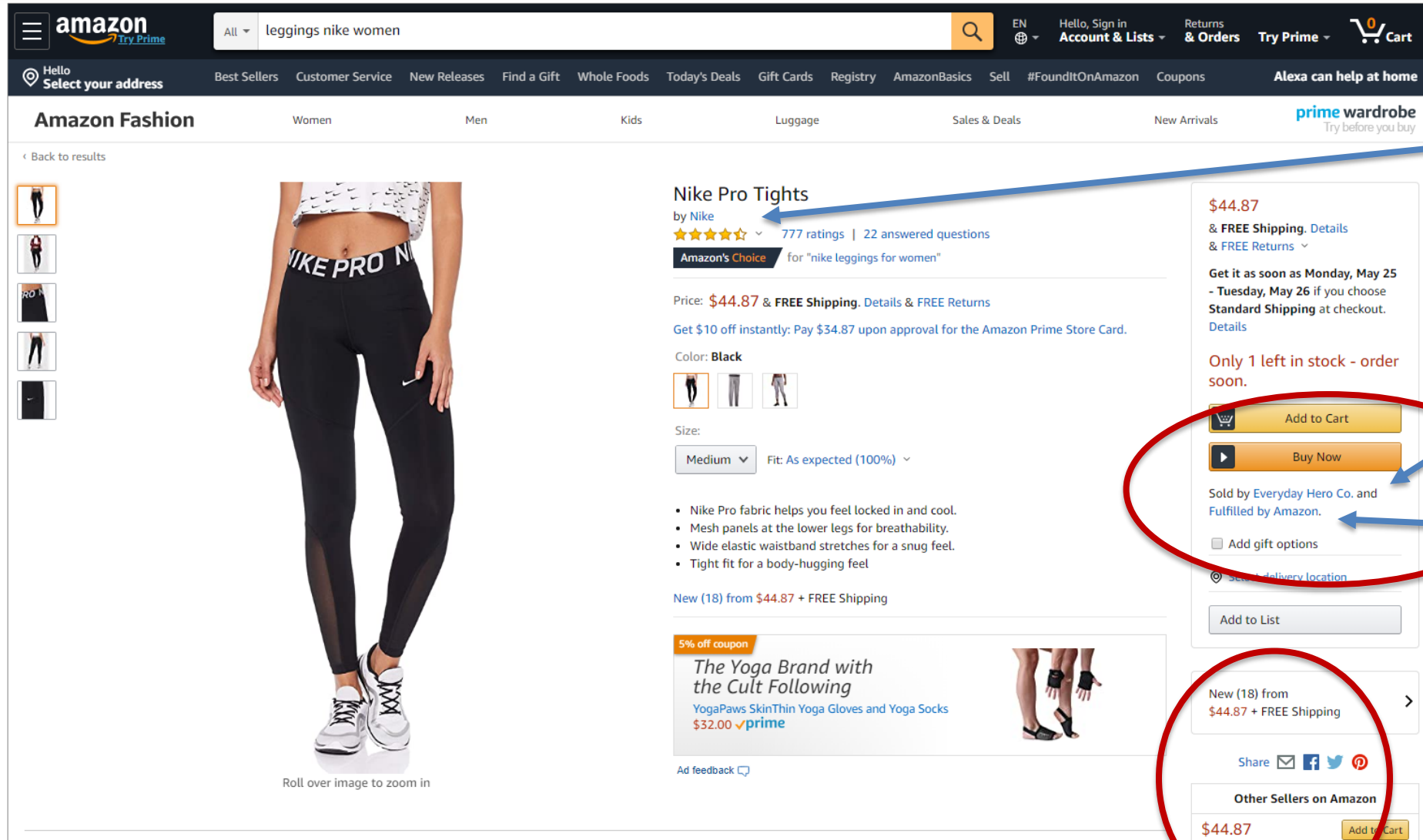
Share

Other Sellers on Amazon

New (2) from \$40.92 + FREE Shipping

Brand

1P



amazon
leggings nike women

Hello, Sign in
Account & Lists

Returns
& Orders

Try Prime

Cart

Hello
Select your address

Best Sellers Customer Service New Releases Find a Gift Whole Foods Today's Deals Gift Cards Registry AmazonBasics Sell #FoundItOnAmazon Coupons Alexa can help at home

Amazon Fashion Women Men Kids Luggage Sales & Deals New Arrivals prime wardrobe Try before you buy

Back to results

Nike Pro Tights
by Nike
★★★★☆ 777 ratings | 22 answered questions
Amazon's Choice for "nike leggings for women"

Price: **\$44.87** & FREE Shipping. Details & FREE Returns
Get \$10 off instantly: Pay \$34.87 upon approval for the Amazon Prime Store Card.

Color: **Black**

Size: Medium Fit: As expected (100%)

- Nike Pro fabric helps you feel locked in and cool.
- Mesh panels at the lower legs for breathability.
- Wide elastic waistband stretches for a snug feel.
- Tight fit for a body-hugging feel

New (18) from \$44.87 + FREE Shipping

5% off coupon
The Yoga Brand with the Cult Following
YogaPaws SkinThin Yoga Gloves and Yoga Socks
\$32.00 ✓prime

Roll over image to zoom in

Only 1 left in stock - order soon.

Add to Cart Buy Now

Sold by **Everyday Hero Co.** and Fulfilled by Amazon.

Add gift options

Add to List

Other Sellers on Amazon

\$44.87 Add to Cart

Brand

3P

FBA

Other sellers



Fastachi Super Nut Mix Gift Tin (1LB) - Great for Gifting, Holiday Corporate Gifts

by Fastachi®

★★★★☆ 5 ratings

Price: **\$20.00** (\$20.00 / tin) + \$8.00 shipping

Get \$10 off instantly: Pay \$10.00 upon approval for the Amazon Prime Store Card.

- **KEEPSAKE TIN:** Keepsake tin filled with a delicious assortment of Fastachi hand roasted nuts.
- **CORPORATE GIFTING:** Perfect item for business partners and holiday corporate gifts - comes in a decorative tin with bow.
- **HAND-ROASTED NUTS:** Nuts are roasted in small batches on the premises, and orders are hand-packed upon receipt.
- **1LB GIFT NUT MIX:** Gift tin holds 1lb and is presented with hand-tied ribbon.
- **PERFECT GIFT FOR ANY OCCATION:** Great for year round giving or any special occasion.

\$20.00

+ \$8.00 shipping

Get it as soon as May 21 - 27 when you choose **Expedited Shipping** at checkout.

In stock.

Qty: 1

\$20.00 + \$8.00 shipping



Add to Cart



Buy Now

Ships from and sold by Fastachi.

Brand

3P
FBM

Commission & Fees

- In this illustration Amazon fees = 35% of sales
- Commission generally 15%.
(Grocery/Gourmet Food under \$15 is 8%)
- Large, bulky items not cost-effective for FBA unless high margin \$
- Assumes 25% of sales are ad-driven, Ad Cost of Sales (ACOS) = 20%

Product Selling Price	\$100
Amazon Referral Fee (15%)	\$15
Amazon FBA fee	\$12
Advertising	\$5
Freight to Amazon	\$3
COGS (40%)	\$40
Contribution Margin	\$25
Contribution %	25%

} *Estimates*

*Contribution % may be lower than core business.
But are you driving **incremental contribution** dollars?*

Your mileage may vary...

Covid-19

Challenges & Opportunities

Massive Changes in Shopping Habits

- Shift from Bricks-and-Mortar to Online (and Click-and-Collect)
- Essentials vs. Nonessentials
- Stockpiling
- Home-and-Hearth categories
- Brand voice and brand actions

Will some new habits persist after reopening?



Brands Must Behave Differently

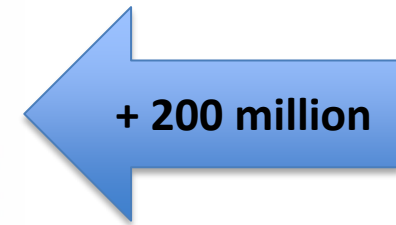
Don't be tone-deaf in your marketing. Show empathy for what consumers are going through.

- **37%** of people have **started using a new brand** based on how they responded to Covid-19.
- **65%** say they will in the future.
- **71%** say brands perceived as putting profit above people will lose their trust forever.

eCommerce Surging – Especially Amazon

AMAZON AND THE COMPETITION

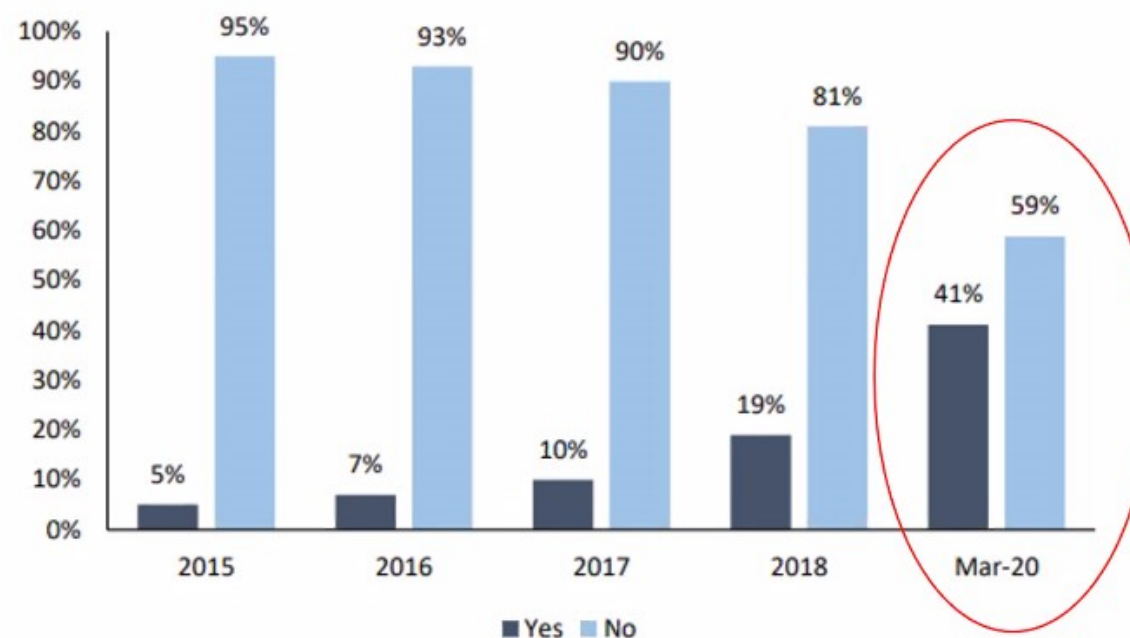
Website	Traffic in March	Change
Amazon	2.19b	9%
eBay	773m	3%
Walmart	388m	31%
Etsy	207m	-6%
Target	175m	37%
BestBuy	105m	105%
Wish	97m	6%
Wayfair	86m	11%
Costco	85m	72%
Jet	2m	149%



Offline Grocery Customers Plan to Shift Online

These trends are exciting for Amazon 3P sellers of shelf-stable specialty foods.

Do you anticipate that you will begin buying groceries Online in the next 6 months?

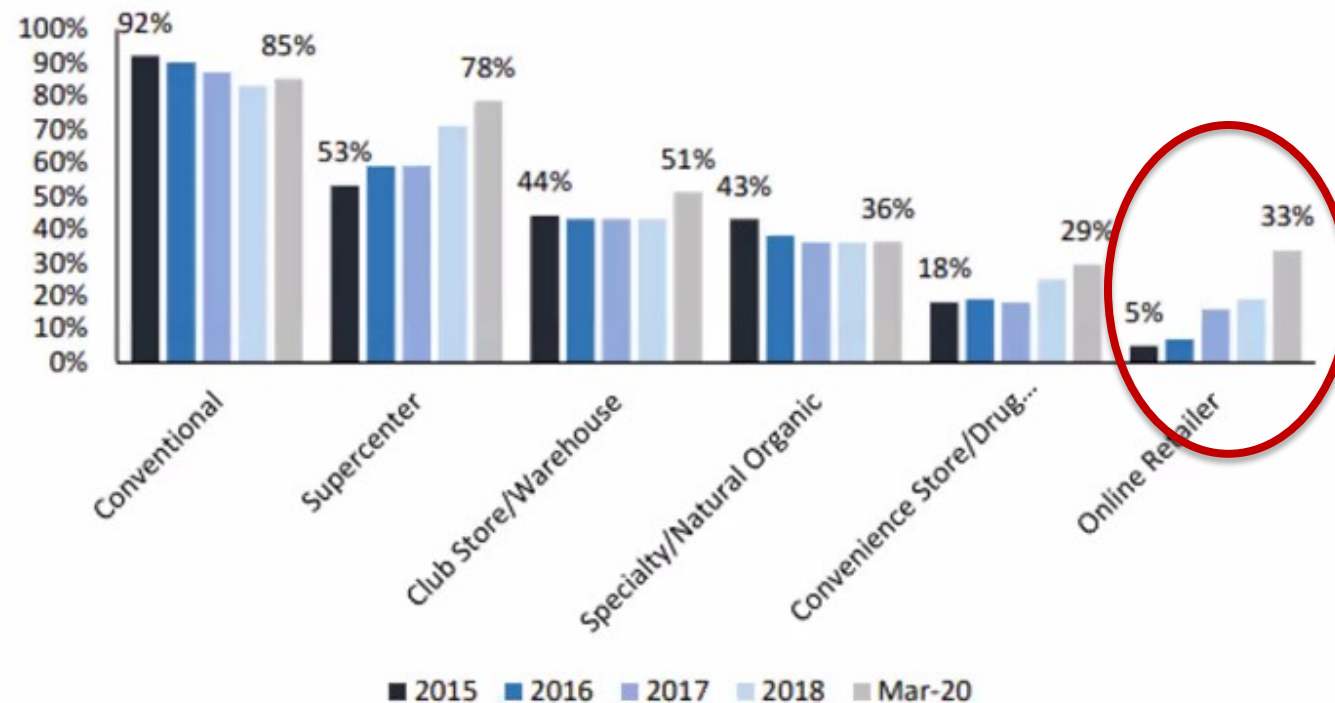


Source: RBC Capital Markets survey, N=863

Dramatic Increase in Online Grocery Penetration

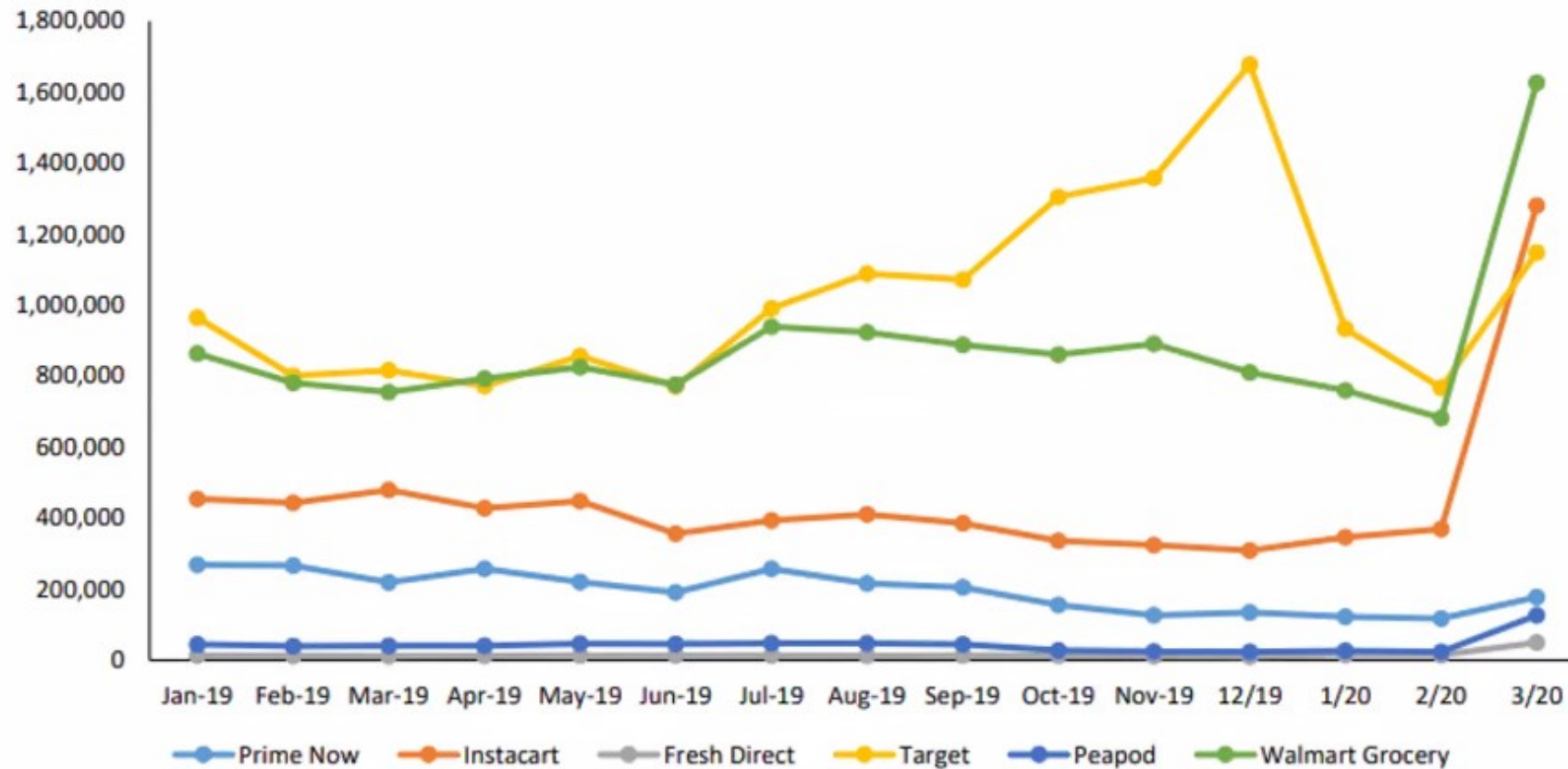
One-third of consumers now buy at least some of their groceries online – up 5X since 2016.

In which channels do you purchase groceries?



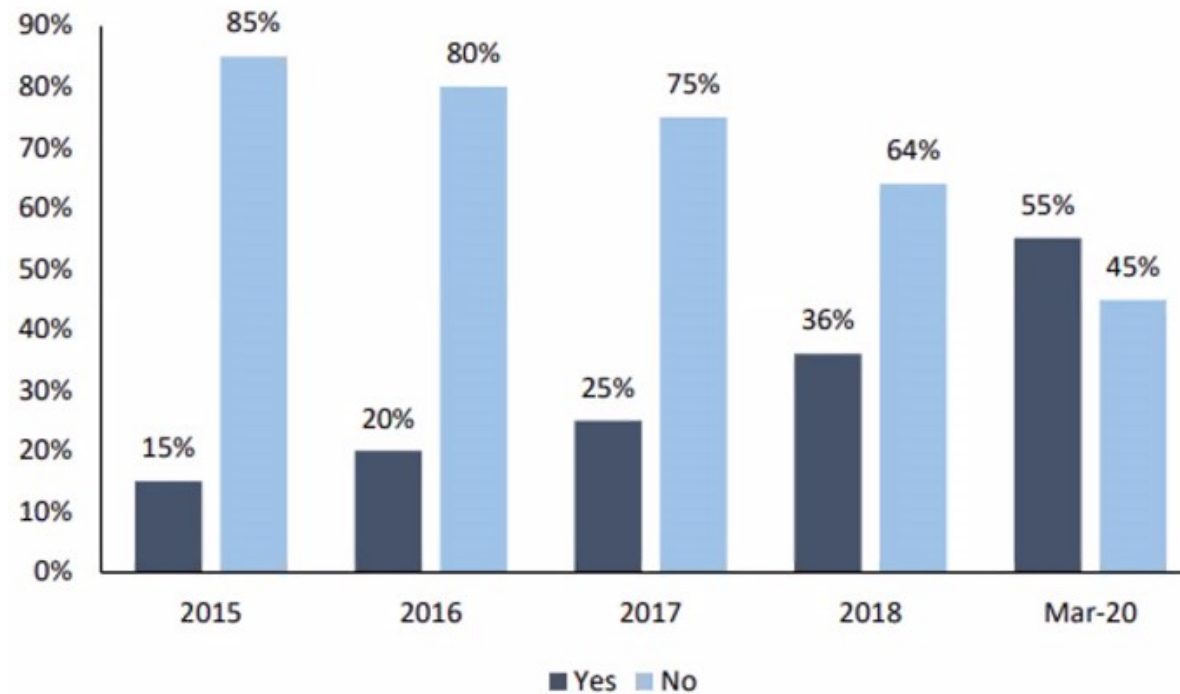
Source: RBC Capital Markets survey, N=1,566

Grocer App Downloads Spike in March



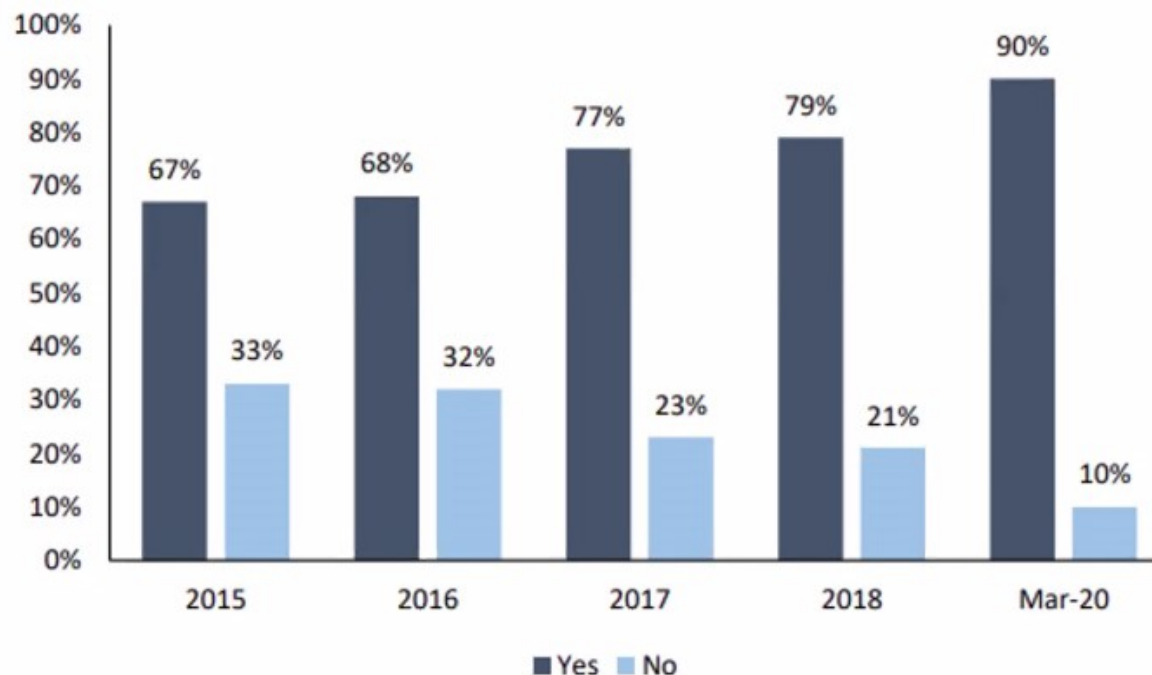
55% Have Tried Online Grocery Shopping

Have you purchased groceries Online?



Those Who've Tried, Expect to Continue

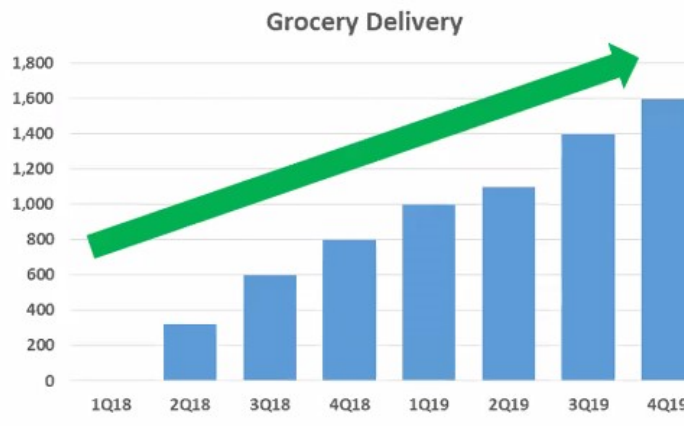
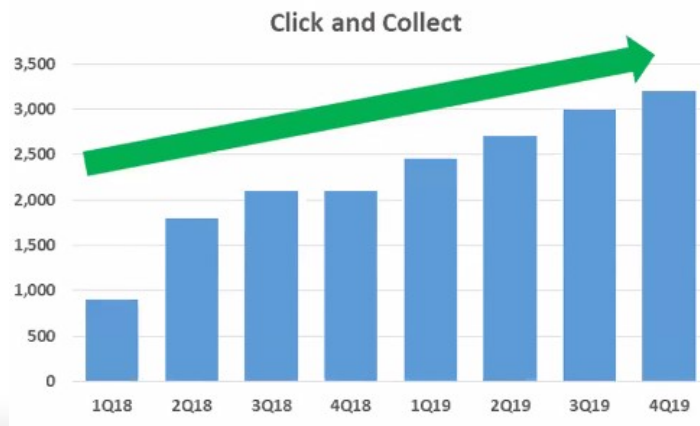
If you have purchased groceries Online, do you anticipate continuing to do so?



Source: RBC Capital Markets survey, N=863

Grocery Trends

- Early online grocery skewed to canned/boxed. Now skews more **fresh/organic** than in-store.
- Online baskets are bigger: AOV **2X** in-store.
- Walmart **Click and Collect**, aka BOPIS (buy online, pick up in store) and **Delivery**.



Grocery Trends

- Instacart grocery delivery **+800% to 900%** since Covid-19 impact.
- Instacart predicted **20% adoption** in next 5 years – *but reached that threshold in a matter of weeks.*
- Specialty food sellers still face challenges on **Amazon 3P** (labeling, temp-controlled foods, FIFO inventory management).



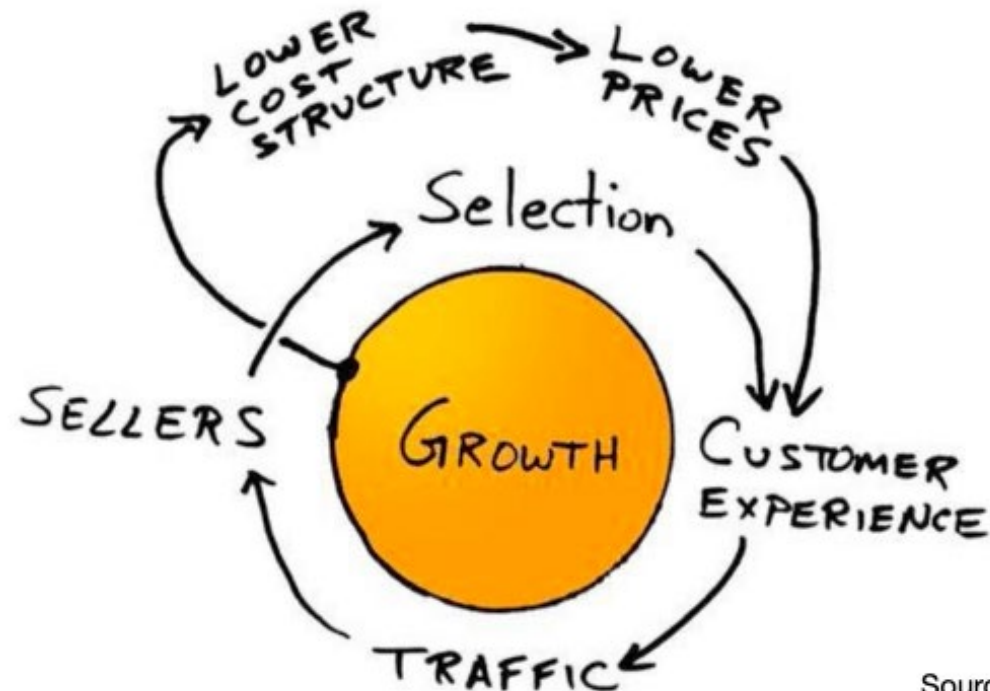
Amazon Getting Back to “Normal”

- **Mar 16:** Suspends inbound FBA receipts, delays shipping of Nonessential products, even for Prime members.
- **Late March:** Dramatically cuts Google search advertising, shuts off deals and promotions. Grocery-delivery unavailable in hard-hit metros. Out-of-stocks, ~50% of orders missing items.
- **April 5 – 14:** Gradually begins shipping more Nonessentials.
- **May 12:** Re-opens FBA warehouses to all items. Reintroduces deals and recommendations. Fast Prime shipping for Nonessentials restored.

How to Sell More on Amazon

The Amazon Flywheel

How do I sell more on Amazon?



Source: Amazon

Answer: **Sell more on Amazon.**

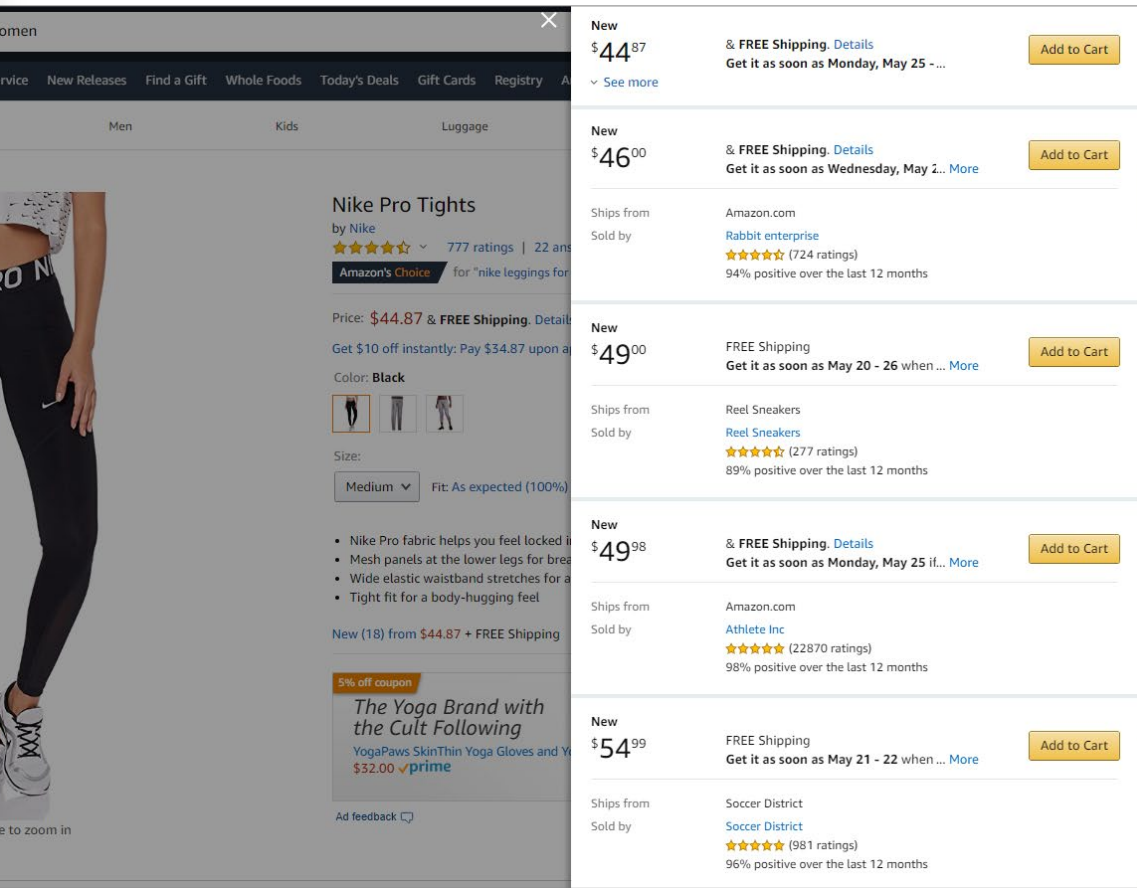
Win the Buy Box

vs.

Proprietary Listing

Many sellers, competing on price

One seller, competing for search



The screenshot shows the Amazon product page for Nike Pro Tights. The product is listed by Nike, has 777 ratings, and is marked as 'Amazon's Choice'. The price is \$44.87 with free shipping. Below the product image, there are size selection options (Medium) and a 'Fit: As expected (100%)' indicator. A 5% off coupon is visible. The product description highlights features like mesh panels and a wide elastic waistband. The 'Add to Cart' button is present.

Price	Shipping	Delivery Date	Seller	Rating
New \$44.87	& FREE Shipping	Get it as soon as Monday, May 25 - ...	Amazon.com	777 ratings
New \$46.00	& FREE Shipping	Get it as soon as Wednesday, May 2... More	Rabbit enterprise	724 ratings
New \$49.00	FREE Shipping	Get it as soon as May 20 - 26 when ... More	Reel Sneakers	277 ratings
New \$49.98	& FREE Shipping	Get it as soon as Monday, May 25 if... More	Athlete Inc	22870 ratings
New \$54.99	FREE Shipping	Get it as soon as May 21 - 22 when ... More	Soccer District	981 ratings



The screenshot shows the Amazon product page for Fastachi Super Nut Mix Gift Tin (1LB). The product is listed by Fastachi, has 5 ratings, and is marked as 'In stock'. The price is \$20.00 with \$8.00 shipping. Below the product image, there are bullet points describing the product: 'KEEPSAKE TIN: Keepsake tin filled with a delicious assortment of Fastachi hand roasted nuts.', 'CORPORATE GIFTING: Perfect item for business partners and holiday corporate gifts - comes in a decorative tin with bow.', 'HAND-ROASTED NUTS: Nuts are roasted in small batches on the premises, and orders are hand-packed upon receipt.', '1LB GIFT NUT MIX: Gift tin holds 1lb and is presented with hand-tied ribbon.', 'PERFECT GIFT FOR ANY OCCASION: Great for year round giving or any special occasion.' The 'Add to Cart' and 'Buy Now' buttons are present.

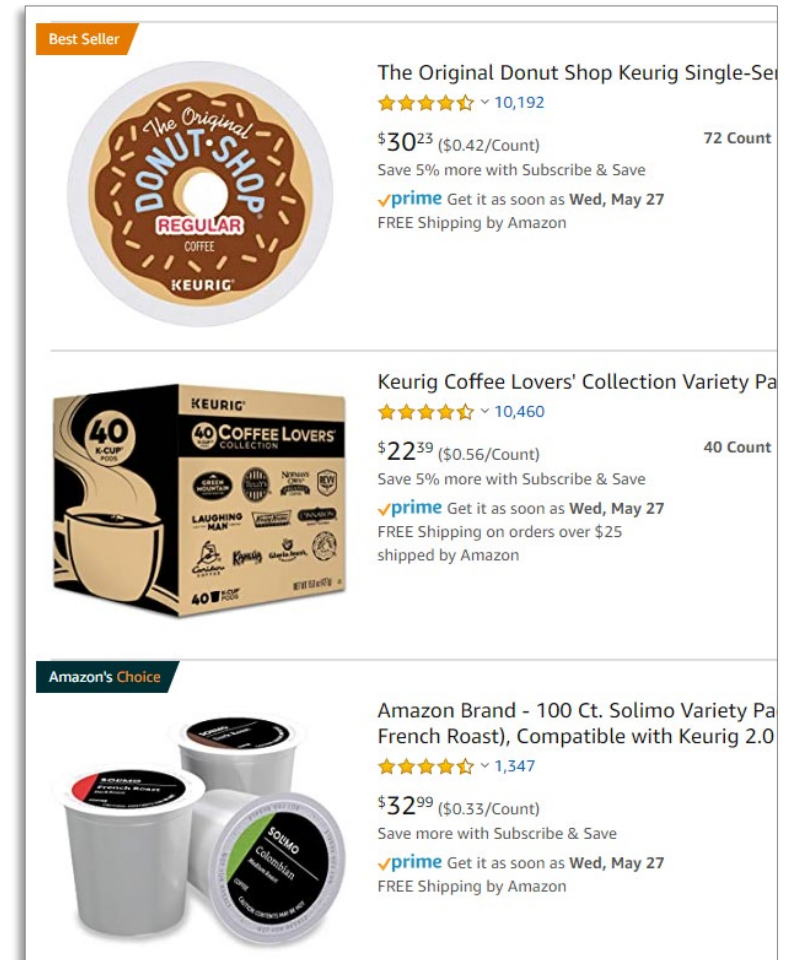
Price	Shipping	Delivery Date	Seller	Rating
\$20.00	+ \$8.00 shipping	Get it as soon as May 21 - 27 when you choose Expedited Shipping at checkout.	Fastachi	5 ratings

Amazon Search Ranking Factors

1. Sales Rank
2. Conversion Rate
3. Relevancy
4. Customer Reviews
5. Seller Feedback
6. Price
7. Answered Questions
8. Title
9. Images
10. Product Description
11. Features Bullets
12. Backend Keywords
13. In-Stock Rate
14. Perfect Order Percentage

Conversion | Relevance | Satisfaction

Search for “K-Cups”



Best Seller

The Original Donut Shop Keurig Single-Serve Coffee
★★★★☆ ~ 10,192
\$30²³ (\$0.42/Count) 72 Count
Save 5% more with Subscribe & Save
✓prime Get it as soon as Wed, May 27
FREE Shipping by Amazon

Keurig Coffee Lovers' Collection Variety Pack
★★★★☆ ~ 10,460
\$22³⁹ (\$0.56/Count) 40 Count
Save 5% more with Subscribe & Save
✓prime Get it as soon as Wed, May 27
FREE Shipping on orders over \$25 shipped by Amazon

Amazon's Choice

Amazon Brand - 100 Ct. Solimo Variety Pack (French Roast), Compatible with Keurig 2.0
★★★★☆ ~ 1,347
\$32⁹⁹ (\$0.33/Count)
Save more with Subscribe & Save
✓prime Get it as soon as Wed, May 27
FREE Shipping by Amazon

Product Optimization

Product development, SEO

Pareto Principle

- Remember truism that top 20% of products produce 80% of your sales? On Amazon, think **90-10**
- Launch strong, then double-down on winners, for a **narrow and deep** assortment.
- **Inventory planning** for high-growth ASINs is critical.



On Amazon, it's more a "90-10 Rule"...



What Makes an Ideal Amazon Product?

- Proprietary, brand-registered item not offered by other sellers.
- High demand category.
- Healthy gross margin % and \$.
- Sturdy, non-perishable.
- Cost-effective to ship, store and FBA.
- Agile supply chain.
- Difficult to counterfeit or knock off.



Market Sizing, Seasonality, etc.

- Use tools like Jungle Scout or Helium10 for competitive product research.

PRODUCT		SELLERS	PRICE	MONTHLY SALES	MONTHLY REVENUE	BSR	REVIEWS
	B01N507551 A Seller: Amazon Fulfillment: Amazon Size Tier: Large Standard-Size Number of Images: 7 Variation Count: 0 Weight: 0.45 lbs Package Dimensions: 6.40" x 4.10" x 2.60" Storage fee (1,000 units/month): N/A Age (Month): 38	11	\$32.95	1,153	\$37,991.35	1,681	★★★★★ 4.8
Last Year Sales:		Sales Year Over Year:		Sales Trend (90 days):		Price Trend (90 days):	
16,519		-20%		0%		-10%	
						Best Sales Period:	
						May, 2019	
	Jetboil Zip Camping Stove Cooking System, Carbon Category: Sports & Outdoors Brand: Jetboil Seller: Enwild Fulfillment: FBM Size Tier: Large Standard-Size	8	\$72.2	472	\$34,078.4	14,213	★★★★★ 586

Product Listing SEO

ROCK BROS Bike Pannier Waterproof 27L Large Capacity
Bike Bag Rear Rack Bicycle Pannier Bag Waterproof for
Grocery Touring Cycling

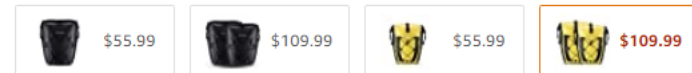
by ROCKBROS

★★★★☆ 30 ratings | 15 answered questions

Price: **\$109.99** & **FREE Shipping**. Details & FREE Returns

Get \$50 off instantly: Pay \$59.99 upon approval for the Amazon Rewards Visa Card. No annual fee.

Color: yellow*2



*That's one ugly product name! But it
ranks for "bike touring panniers,"
"bicycle panniers," "bike grocery bag"...*


- Title
- Keywords
- Images, video
- A+ Content and Enhanced Brand Content
- Variations, multipacks, assortments
- *Support with advertising, coupons, etc. Conversion is everything!*

Enhanced Content


Brand owners can romance their brand and convert buyers with videos, lifestyle photos, infographics, product comparison charts...

- A+ Content
- Enhanced Brand Content
- Brand Store


(You'll even see a modest **rebuy rate** among your Amazon customers.)




Sleep
Bright light in the first hours after waking up helps stimulate the hormones in our body that influence our well-being, including sleep/wake patterns.



Mood
Light therapy lamps can help in combating tiredness commonly associated with winter blues, as well as the effects of shift work or jet lag.




Energy
Using the HappyLight Touch light therapy lamp signals the body's natural energy enhancers to reduce sluggishness and lethargy - allowing you to be alert and focused when you need it the most.




Verilux HappyLight VT32 Touch
10,000 Lux LED Bright White Light Therapy Lamp with Adjustable Color and Brightness Controls, 40 sq. in....
★★★★☆ ~ 341
\$49⁹⁵ ~~\$59.95~~

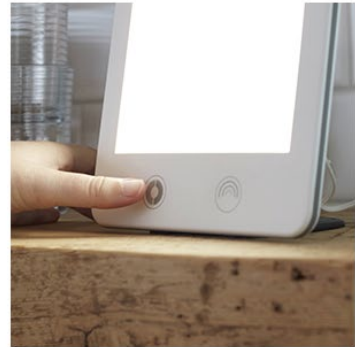
How to Use



Time of Day
Use your HappyLight Touch light therapy lamp within 4 hours of waking up to mimic morning sunlight. You can also substitute that second cup



Choose a Spot
The recommended placement of your HappyLight Touch light therapy lamp is up to 24" from your face. Use your therapy lamp for 20-60 minutes to



Customize Your Usage
The adjustable brightness allows you to customize your experience with your HappyLight Touch - allowing you to maximize your comfort by

Operations

Inventory, Fulfillment, Customer Service

Inventory Planning & Logistics

Amazon success is as much about **operations** as marketing or merchandising.

- Marketplace growth 20%+. Many individual merchants growing much faster – and when hit products “take off,” they can sell **multiples of prior year**.
- **Logistics** – cost-effectively getting products from factory to Amazon warehouses makes the difference in your P&L.
- **Cross-functional teams** are essential.

FBA vs FBM

- **Prime shipping** supercharges search rank, click-through and conversion.
- Amazon found items badged for **Prime** increased 50%+ in sales. We've seen **+3X, 10X** or more.
- **FBA** may be cheaper than your existing PP&S.
- **FBM** still best for large, bulky or perishable items (FIFO issues) and slower selling items.
- **Seller-Fulfilled Prime** (SFP) is interesting, but closed to new merchants.



What Goes into Your POP*?

- A-to-Z Guarantee Claims
- Buyer-initiated messages
- Cancellations
- Chargebacks
- Late shipments (if FBM)
- Negative feedback
- Refunds



***Perfect Order Percentage**

Monitor & Encourage Feedback ~ 154

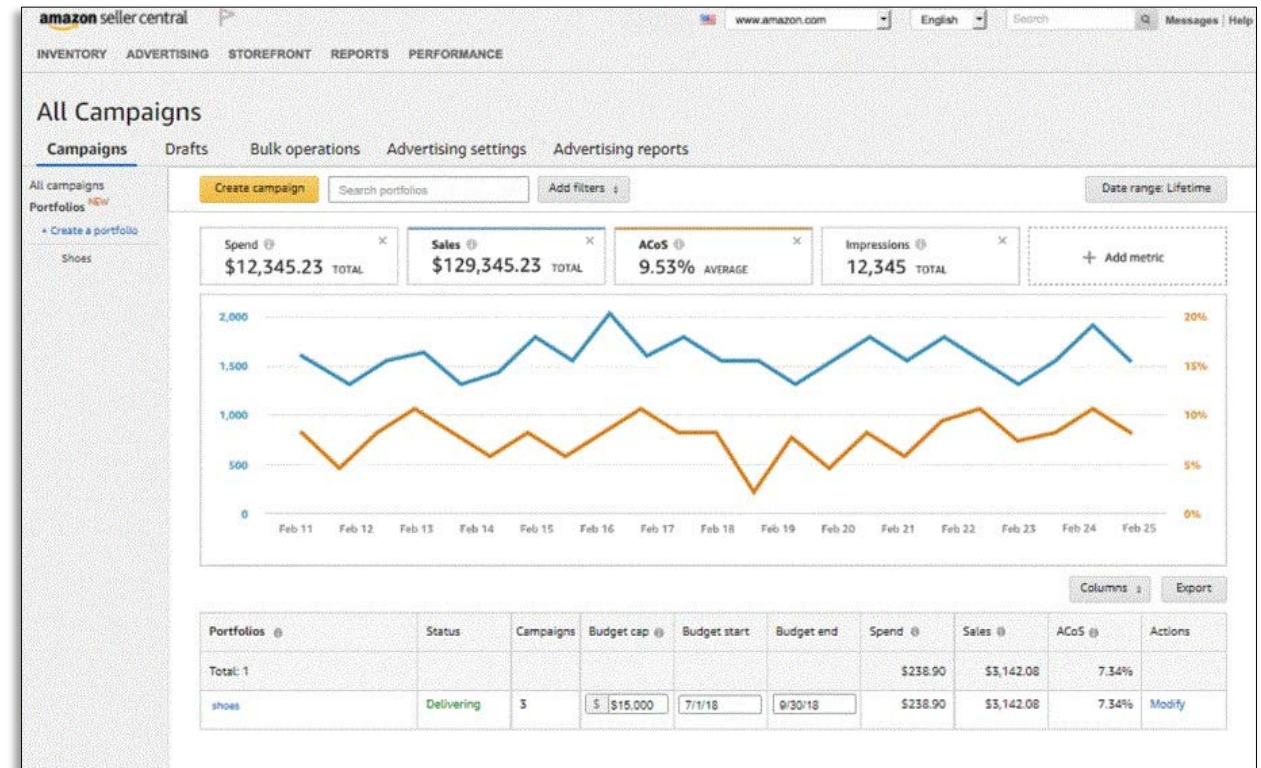
- Products increase **3.5X** in sales after their first reviews.
- Enable automated **feedback requests** w/third-party tool.
- Answer **customer questions** on Product Listing page.
- Diligently resolve customer issues!
- If FBM, include postcard requesting reviews.
- Enroll new products in **Early Reviewer** program.
- Consider free samples for **Vine** trusted reviewer program.

ADVERTISING & PROMOTION

Amazon Advertising

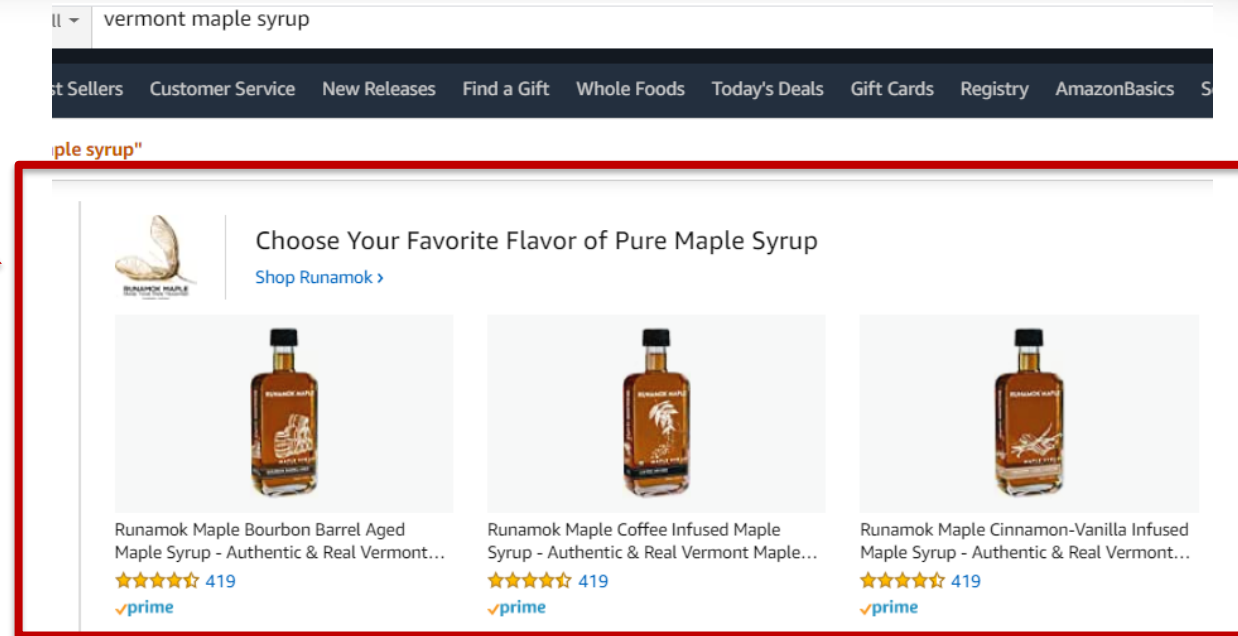
Why do you need it?

- Amazon CPC ads can provide strong ROAS.
- Unlike Google, Amazon paid search also **primes the pump** for lasting organic search rank.

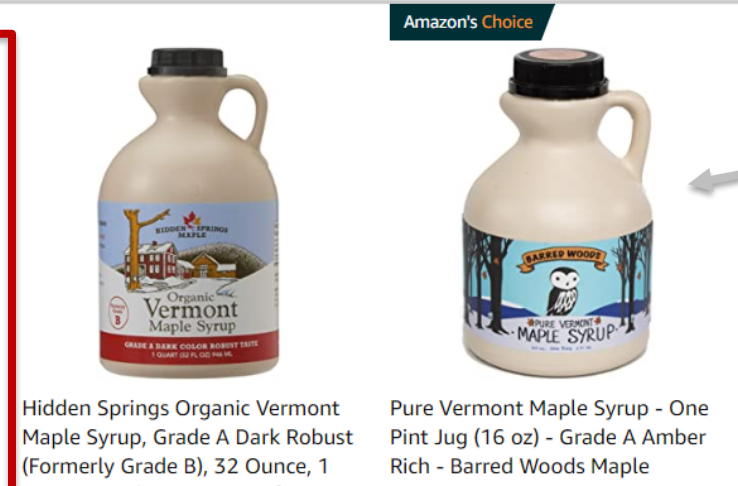


Sponsored brand

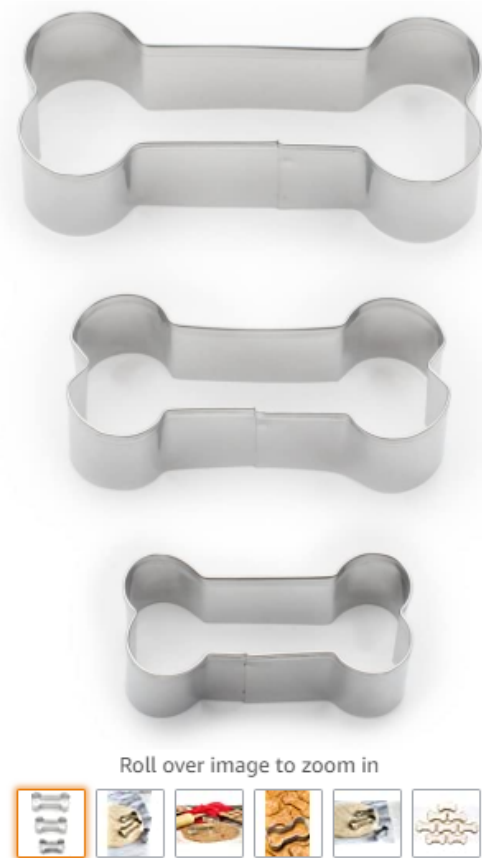
(formerly headline search)



Sponsored products



Organic results



Roll over image to zoom in

Fox Run 3683 Dog Bone Cookie Cutter Set, Stainless Steel, 3-Piece

by Fox Run



979 ratings | 4 answered questions

Amazon's Choice for "dog cookie cutters and molds"

Price: **\$6.99** & **FREE Shipping** on orders over \$25.00 shipped by Amazon. [Details & FREE Returns](#)

Get \$50 off instantly: Pay \$0.00 upon approval for the Amazon Rewards Visa Card. No annual fee.

Color: **Stainless Steel**

- included components: Stainless Steel 3-Piece Dog Bone Cookie cutters

[Compare with similar items](#)New (3) from **\$6.99** & **FREE Shipping** on orders over \$25.00[Report incorrect product information.](#)[ANN CLARK COOKIE CUTTERS](#)


Shop Our Dog Bone Cookie Cutters - USA Made

[Ann Clark Cookie Cutters 5-Piece...](#)**\$8.99** Ad feedback **\$6.99**

& **FREE Shipping** on orders over \$25.00 shipped by Amazon. [Details](#) & [FREE Returns](#)

Arrives: **Wed, Jun 3**


Fastest delivery: **Mon, May 25**
Order within 21 hrs 29 mins

 [Select delivery location](#)**In Stock.**Qty: 1 

Add to Cart



Buy Now

 Your transaction is secure

Ships from and sold by Amazon.com.

☐ Add gift options[Add to List](#)

Product Targeting

Advertising Strategies

- Research head and long-tail **keywords**.
- Bid on your own **brand terms**. If you don't, someone else will. (Cost is low, and you will get incremental sales).
- Promotions like **Coupons**, **Lightning Deals** also drive revenue and boost Sales Rank.
- Get professional **help** – it's easy to lose money.

What Does it Cost?

- We manage ACOS in range of **3% to 25% of retail cost**, depending upon product, competition, season, strategy.
- Don't cap spend with fixed budgets. **Focus on profitability**, adjusting to spend as much as you profitably can.
- Ad-driven sales may account for 25% to 50% of your total Amazon sales, perhaps more.

Best Foot Forward

- Offer great, **proprietary** products at competitive price.
- Develop top-quality product **content**.
- **FBA** whenever possible.
- **Prime the pump** with advertising and promotion. (Sell!)
- **Delight customers** – and encourage reviews.



It's not easy. But when you get the merch, marketing and operations right, you can unlock explosive growth on Amazon.

Thanks for Attending!

TOM FUNK, SENIOR CONSULTANT

tom@leanedgemarketing.com

802-777-4275

THANK YOU FOR JOINING US!

Consider Joining our Organizations



- **Business Education** to help sustain, manage, and grow your business.
- **Opportunities to Connect with:** Vermont Retailers, Grocers, Legislators, Fellow producers, and Business Service Providers.



- **Utilize all VRGA Benefits**

Visit vtspecialtyfoods.org to learn more!



- **Representation in the Legislature:** Opportunity to have your voice heard on the issues that matter to your business
- **Education:** Webinars with leading professionals in the industry and invaluable resources from our Associate members.
- **Cost Saving Benefits** – such as a 401k

Visit vtrga.org to learn more!