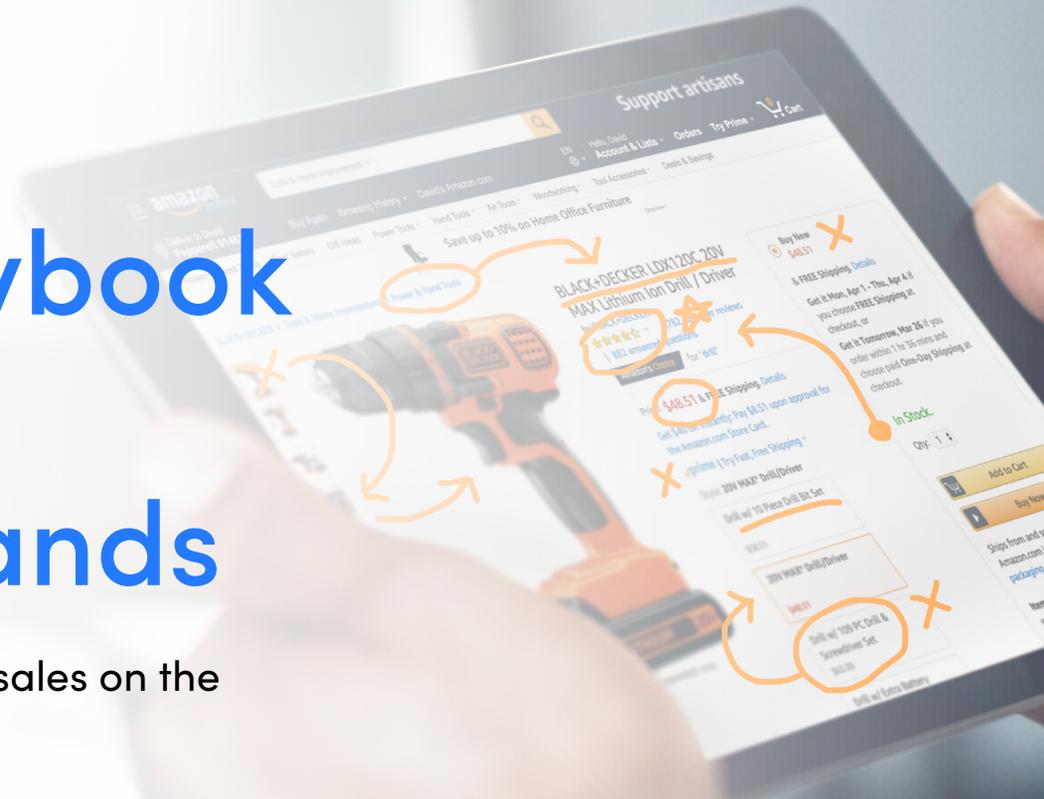


The Amazon Playbook for Tools & Home Improvement Brands

How to hammer the competition and power up sales on the world's most disruptive eCommerce platform



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- **Part 2: What makes Amazon such a disruptor?**
- **Part 3: How to accelerate your sales online**
- **5 key takeaways**

What you'll learn

- Why now? What's driving home improvement category growth online?
- How is doing business on Amazon different than brick and mortar?
- How important are promotional events like Prime Day and Cyber Monday?
- Where should I focus efforts to fast track my eCommerce performance?



Andrew Pearl
VP Strategy &
Insight, Profitero

About the author

Andrew supports Profitero's customers, working closely with them to drive their eCommerce performance across all areas of the digital shelf. Prior to Profitero, Andrew spent 13 years in Category Management and Shopper Marketing roles at Mars, McCormick and Tata Global Beverages. Andrew is a frequent speaker at industry events, including Kantar Consulting and IGD, and his insights are regularly featured in retail industry press.

Introduction

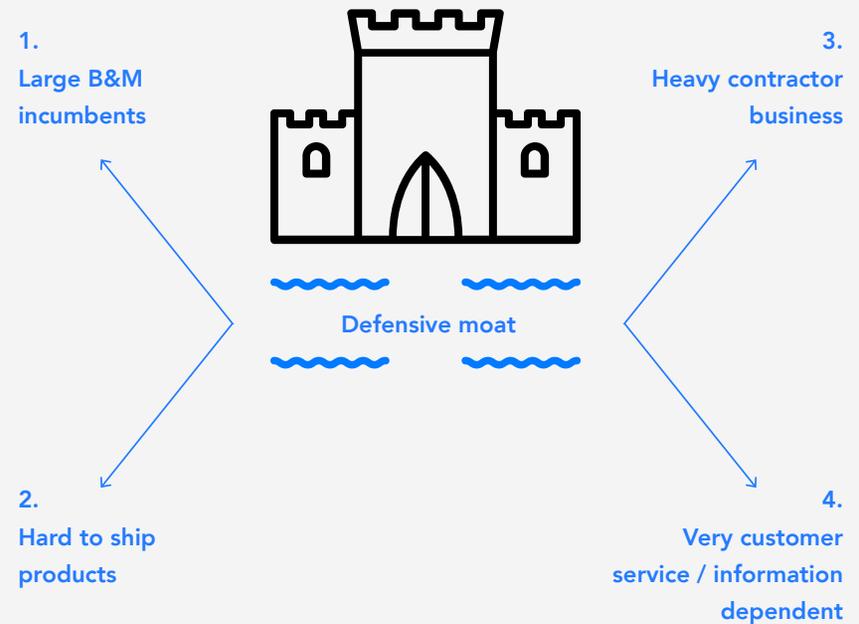
Not more than a few years ago, industry pundits thought the Tools & Home Improvement category would be immune to eCommerce. A few reasons why:

- Major brick-and-mortar incumbents (The Home Depot and Lowe's in the U.S.; or Argos, B&Q and Homebase in the U.K.) were too powerful
- Shoppers would never be willing to buy home improvement products without heavy customer service and support in the store
- Everyone believed home improvement products — like roofing, flooring, paint, etc. — were too bulky for online shipping

But guess what? They were wrong. The home improvement category is facing eCommerce disruption as much as — if not more than — any category. And it's precisely the reason why Tools & Home Improvement brands must move swiftly to accelerate their sales online.

This playbook outlines some strategies and tactics designed to help Tools & Home Improvement manufacturers win on Amazon. It also provides guidance that will help you prioritize the levers to pull to succeed on the digital shelf.

Home improvement brick-and-mortar sales



PART 1.

The state of Amazon for Tools & Home Improvement

The shift online is happening — and happening fast.

While not as mature online as other categories, the Tools & Home Improvement category is making up ground at a rapid pace.

On the following pages, we drill down on 3 key reasons why tools & home improvement brands must put the hammer down and take eCommerce — and Amazon — seriously.

1. eCommerce growth is outpacing brick-and-mortar by 6:1

According to **The NPD Group**, U.S. home improvement sales online were up an impressive 33% in 2018, compared with less than 5% total channel growth. Some categories are growing even faster. For example, online sales of power tools and hand tools have nearly doubled since 2016 (+94% and +87%, respectively).

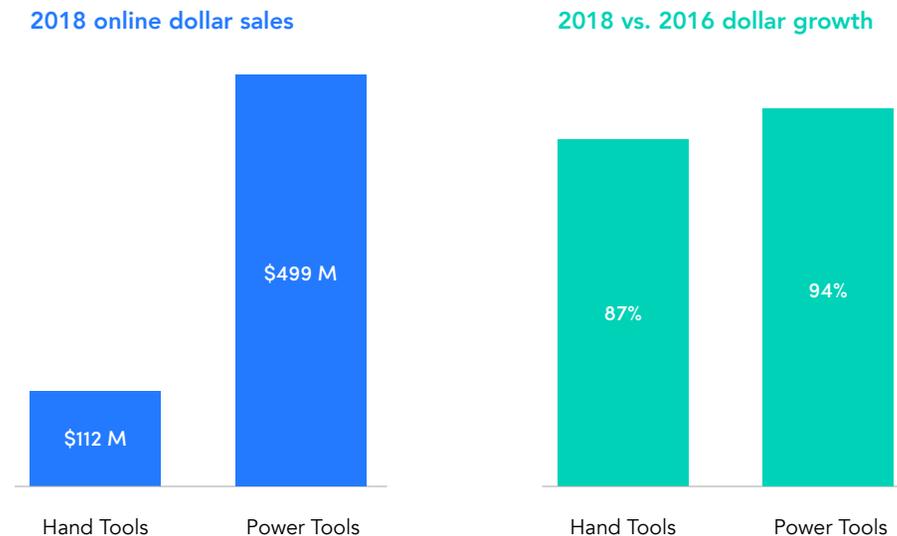
Home improvement online sales penetration in the U.S. reached 17% in 2018, with continued growth on the horizon.

In Europe, consumers have been a bit slower adopting online shopping for home improvement goods. According to data from **USP Marketing Consultancy**¹, 7.8% of European consumers preferred shopping online for DIY in 2017. Still, this is up from 5.5% in 2014. A **LinkedIn post**² by a research consultant with USP states to “expect long term, an overall share of online DIY purchases [in Europe] of around 20%.” Growth comes at the expense of DIY specialists, which saw shopper preference drop from 49.1% in 2014 to 45.4% in 2017.

Of course, the DIY online adoption rate is much higher in countries where Amazon already has a substantial foothold, e.g., 14.1% in the U.K. and 11.7% in Germany. The DIY & garden category was cited by **eCommerce News**³ as one of the key drivers of Germany’s online sales growth last year.

Power & hand tools online sales nearly doubled in the last 2 years

Source: The NPD Group



¹ USP Marketing Consultancy, European Home Improvement Monitor, <https://www.usp-mc.nl/en/insights/usp-shop/european-home-improvement-monitor/>

² LinkedIn, The future of home improvement; A European overview, <https://www.linkedin.com/pulse/future-home-improvement-european-overview-dirk-hoogenboom>

³ eCommerce News, Ecommerce in Germany worth 58.8 billion in 2019, <https://ecommercenews.eu/ecommerce-in-germany-worth-58-8-billion-in-2019/>

“By 2025, home improvement is not likely to be as highly penetrated online as a category like TVs where upwards of 50% could be sold online, but it is going to grow. Even if it’s not to the same degree as tech or books, it’s going to be a big change for brands in the coming years.”



Perry James
President of U.S. Hardlines,
The NPD Group

2. Amazon is the beast driving home improvement growth online

Like nearly every other category it's disrupted, Amazon holds the lion's share of home improvement sales online with 82% market share, according to [Jumpshot's eCommerce Data Report](#)⁴.

The scary thing? Amazon's momentum in home improvement is still building.

"Amazon is maturing as a platform with a bigger and bigger reach. You have to be there."



Anthony Campomizzi
Manager, Business Intelligence & Analytics, Moen



Source: Jumpshot's eCommerce Data Report: Retail Winners, Losers and Amazon

⁴ Jumpshot, Retail Winners, Losers and Amazon, a Jumpshot eCommerce Data Report, <https://go.jumpshot.com/retail-winners-and-losers-lp.html>

2. Amazon is the beast driving home improvement growth online (continued)

Take what's happening in hand tools, for example. According to NPD Checkout eCommerce Tracking Service data, Amazon gained 3.6 percentage points in online dollar market share from 2016 to 2018. This was 5x and 7x the share gains recorded by The Home Depot and Walmart, respectively. Gains come largely at the hands of the ever-struggling Sears, which lost 3.9 ppt online during the same time period.

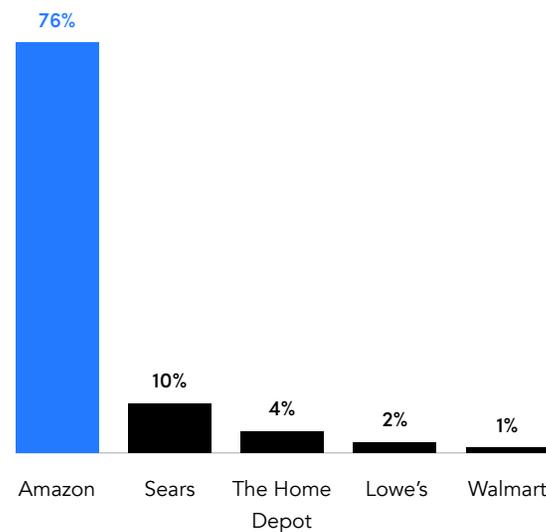
There's no denying it — home improvement brands need to follow the growth, which clearly is headed online and, in particular, on Amazon.

Hand tools — Top 5 online retailers

Source: NPD Checkout eCommerce Tracking Service

*Amazon and Amazon Prime Now measured as separate retail outlets. Jan 2018 includes 53rd week.

Retailer dollar share



2018 vs. 2016 share pt. Δ



3. Shift online will quicken as millennials age into home ownership

Shifting shopper demographics are one of the key reasons why DIY and home improvement products are building momentum online.

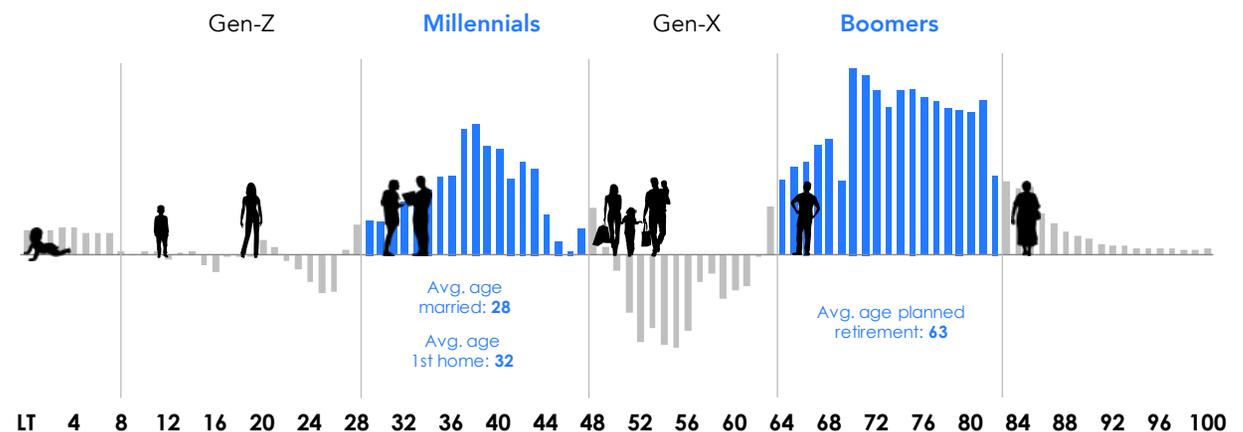
According to a study by digital marketing agency Venveo⁵, 52% of DIYers are 24 to 44 years old, spanning the tech-savvy millennial and Gen X generations. They're also heavy Amazon users. In the next 10 years, a huge number of millennials will be getting married and buying their first homes, according to U.S. Census Bureau projections.

This means we should expect a bump up in home improvement spending, with many of those dollars increasingly moving online — and on Amazon.

⁵ Venveo, 10 Characteristics of the DIY Consumer, <https://www.venveo.com/blog/10-characteristics-of-the-diy-consumer>

Demographics & new shopping behaviors favor the Home Improvement sector (Shift in U.S. population by individual age—2028 projection)

Source: US Census; CNBC April 2017; The NPD Group



PART 2.

What makes Amazon such a disruptor?

Nearly everything about Amazon — from its endless assortment and ultra-competitive pricing to dynamic merchandising and next-day Prime delivery — is quite different than any other retailer you've ever encountered.

Doing business on the Amazon platform really does require a new way of thinking to succeed.

On the following pages, we cover 6 ways Amazon could throw a monkey wrench into Tools & Home Improvement brand strategies.

1. Shoppers have (a lot) more choice on Amazon

In brick-and-mortar stores, such as The Home Depot or Homebase, a shopper has a limited assortment of products to choose from. But on Amazon, the assortment is much larger (as the chart on this page shows).

What this means is your list of competitors multiplies exponentially on Amazon. It also means that competitors winning on Amazon may not be the same ones you're competing against in brick-and-mortar retailers. Increasingly, they may also be Amazon private label brands (e.g., Ring's video doorbells, home security cameras, etc., which Amazon acquired in 2018).

So, cracking the code on competing with the long tail — e.g., the importance of search placement, winning Page 1, and other execution-oriented tactics covered in Part 3 of this playbook — becomes increasingly paramount.

The endless shelf: Tools & Home Improvement

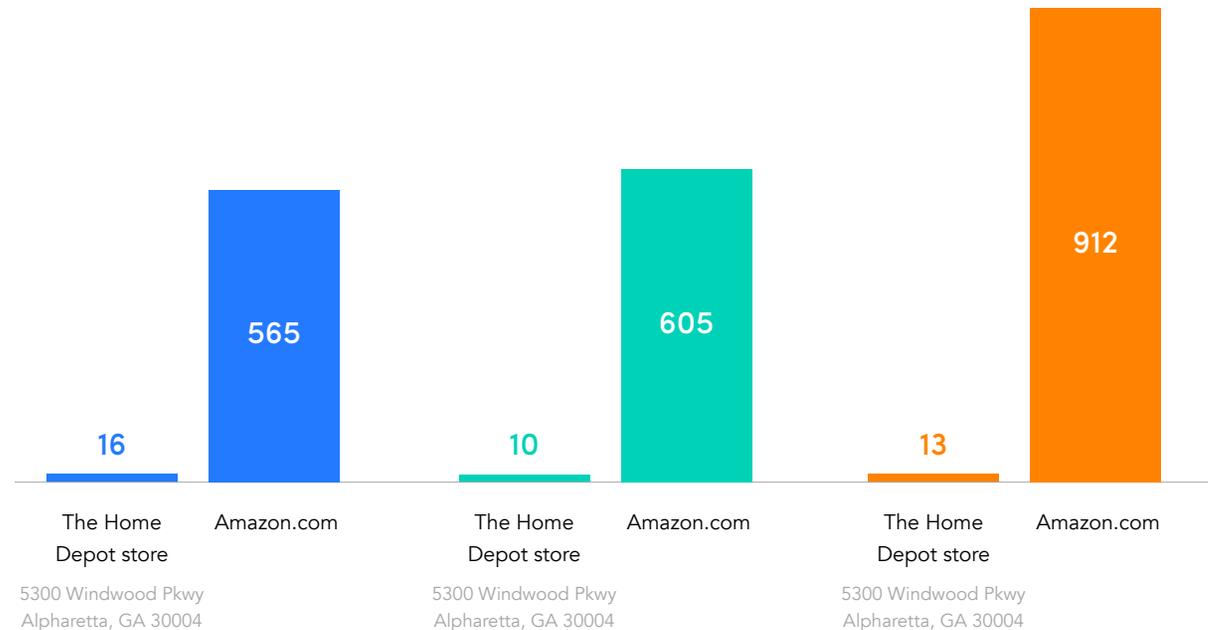
(Difference in assortment on Amazon.com vs. available for pick up at The Home Depot store in suburban Atlanta)

Source: Profitero; based on keyword search conducted in March 2019

Keyword:
"Cordless leaf blower"

Keyword:
"Stud finder"

Keyword:
"High arc bathroom faucet"



PRO TIP:

“How can I tell who my serious competitors are?”

Not every competitor in the long tail of Amazon is a threat. Some ways to prioritize where to focus:

- ① Look at the biggest brands in terms of sales & share of sales in your category, and within those brands identify their top selling ASINs. Which products are growing faster than yours at the moment?
- ② Track Fast Movers. These are the ASINs that are moving up fastest on the list of best selling items in your category (Profitero offers Free monthly reports to help you track them).
- ③ Always be aware of the ASINs that are showing up on page 1 on search results for the top keywords in your category.
- ④ Look at who is bidding for your own keywords. These brands are clearly gunning for you and likely competitors to watch.

2. If you're not online, smaller challenger brands will eat your lunch

One of the most common comments we hear from our clients is: "Who are these challenger brands selling online? I just don't recognize them from the brick-and-mortar world."

That's because the virtual aisles online are indeed endless. Low barriers to entry for selling on Amazon empower small brands to reach more shoppers and defy the distribution moats large brands enjoy at The Home Depot, Lowe's, etc. These challenger brands could easily steal away market share and gain ground if you're not there — or even if you are, and not paying attention.

See for yourself. Type a common search term like "kitchen sink faucet" in the search field on Amazon. We did, and our results yielded 30,000 items! There's no way around it, you will find a proliferation of small challenger brands and low-priced imports making a play for your category on Amazon — this is very different than brick and mortar.

It also underscores the importance that (1) not only do you need to make your products available on Amazon, but (2) you must clearly define your value proposition in light of the increased competition, and (3) figure out how to optimize your digital shelf so shoppers can find and choose your brand and not the competitor's.

Low barriers to entry empower challenger brands

The screenshot shows the Amazon website interface. At the top, there's a navigation bar with the Amazon logo, a search bar containing "kitchen sink faucet", and a "TAKE A LOOK" button. Below the search bar, a teal box highlights the text "1-16 of over 30,000 results for 'kitchen sink faucet'". The main content area displays three product listings:

- WEWE**: Amazon's Choice, WEWE Single Handle High Arc Brushed Nickel Pull out Kitchen Faucet, Single Level Stainless Steel Kitchen Sink Faucets with Pull down Sprayer. Price: \$82.99. Rating: 4.5 stars (901 reviews).
- KINGO HOME**: ON SALE, KINGO HOME Lead Free Modern Stainless Steel Single Handle Pull Down Sprayer Spring Brushed Nickel Kitchen Faucet, Kitchen Sink Faucet with Deck Plate. Price: \$89.99. Rating: 4.5 stars (614 reviews).
- Ufaucet HOME**: ON SALE, Solid Brass Single Handle Pull Out Sprayer Oil Rubbed Bronze Kitchen Faucet, Pull Down Kitchen Sink Faucet With Deck Plate. Price: \$67.99. Rating: 4.5 stars (67 reviews).

Below each product listing is the brand's logo: WEWE, KINGO HOME, and Ufaucet HOME.

“The long-tail competition on Amazon is real. There’s a really long list of small players that focus on a few hero SKUs, which are very competitively priced.”



Anthony Campomizzi
Manager, Business Intelligence & Analytics,
Moen

3. Your competitors also include 3P sellers

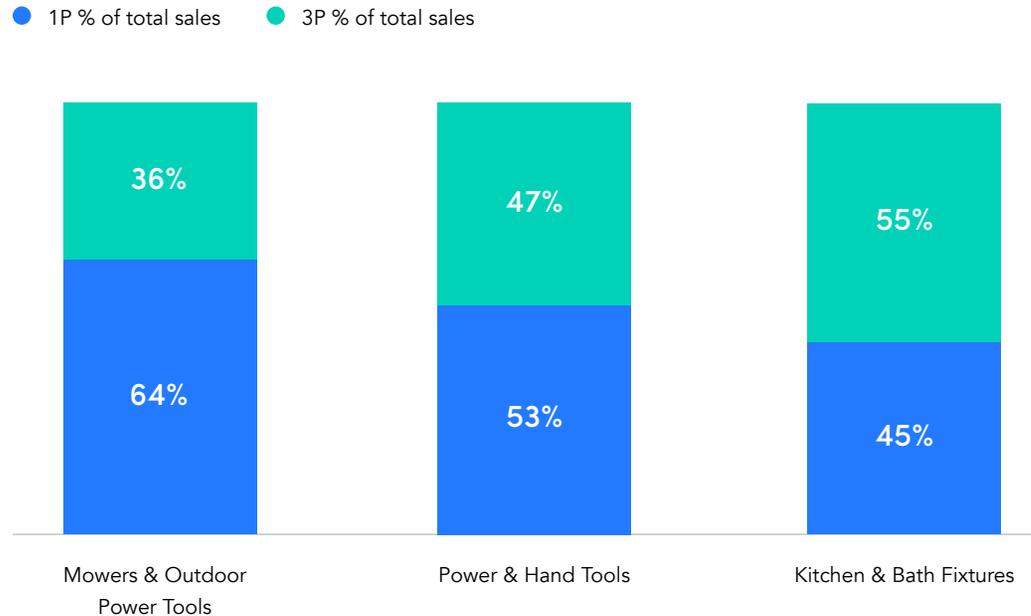
Amazon's third-party (3P) marketplace opens up a whole new set of challenges too. It's an unfamiliar and uneasy feeling, but you will lose some control of your brand to 3P sellers.

Marketplace sellers could be using non-compliant product descriptions or images, which could inevitably damage your brand equity. 3P sellers also could be selling below the Minimum Advertised Price, which can result in your brand losing the buy box, as well as triggering The Home Depot or Lowe's to price-match. So, it's best to get a handle on 3P activities as much as possible.

The level of 3P activity varies across categories, i.e., there is no standard. For example, the chart at right shows that the reach of 3P sales ranges from 36% for Mowers & Outdoor Power Tools to 55% for Kitchen & Bath Fixtures.

Amazon in U.S. 1P/3P sales split by category

Source: Profitero; Time period: Q4, 2018 on Amazon.com



4. The Amazon Marketplace reacts quickly to market demand

Making things even more challenging, Amazon's 3P marketplace is a dynamic beast. Take the example shown below — a strong-selling bathroom tap brand in the U.K. Besides the product being sold directly (1P) on Amazon.co.uk, there are also 11 different 3P sellers offering the same item. Consequently, on any given day, one of them can drop the price to gain the buy box and steal away some of your sales.

Inventory issues like out-of-stocks are also a huge deal on Amazon, playing right into the hands of 3P sellers. If you run into stock issues (which frequently happens on Amazon), there's likely a 3P marketplace seller waiting to pick up the slack. This underscores the importance of having the ability to regularly and routinely monitor your assortment and the marketplace situation for your products. If you don't, you're in danger of losing control of your distribution and sales on Amazon.

The screenshot displays the Amazon UK product page for 'Bristan VAL 1/2 C CD Lever Basin Taps with Ceramic Disc Valves - Chrome Plated'. The product is a '3-Inch Lever' style 'Basin Pillar' tap. The main listing is by 'amazon.co.uk' at a price of £18.89 with Prime delivery. Below this, several other sellers are listed, including 'Bradford Bathroom Company', 'JC TOOLS & HARDWARE', 'PlumbinBitsUK', and 'Eakers Home Improvement Centre'. A callout box highlights a price change: '12 new from £18.89' and '1 used from £18.35'.

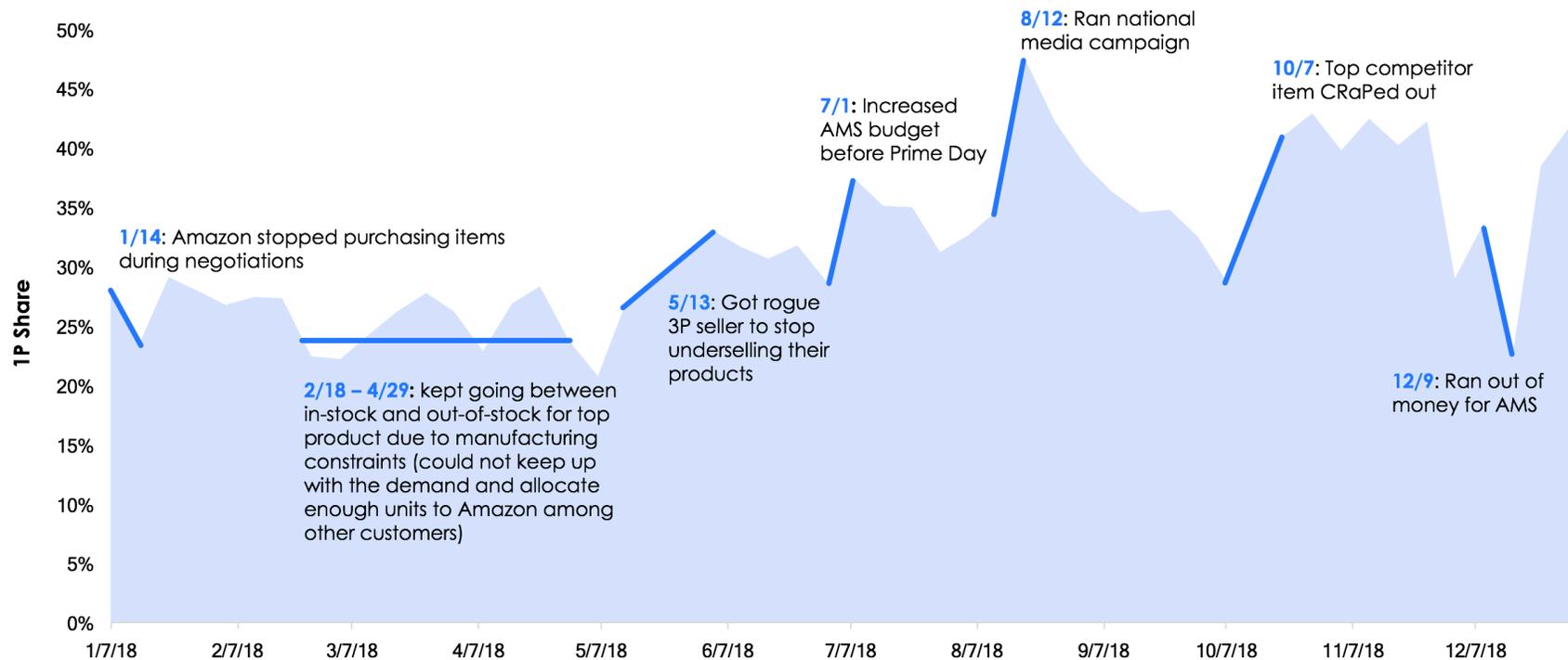
Price + Delivery	Condition	Seller Information	Delivery	Buying Options
£18.89 ✓prime	New	amazon.co.uk	+0.00 Premium Shipping: Get it Wednesday, 13 February (order within 13hr 19min). Nominated Day Delivery available. Delivery rates and return policy.	Add to Basket
£18.89 ✓prime	New	Bradford Bathroom Company ★★★★★ 96% positive over the past 12 months. (5,903 total ratings)	FULFILLED BY AMAZON +0.00 Premium Shipping: Get it Wednesday, 13 February (order within 7hr 19min). Nominated Day Delivery available. Delivery rates and return policy.	Add to Basket
£18.93 FREE Delivery	New	JC TOOLS & HARDWARE ★★★★★ 92% positive over the past 12 months. (1,099 total ratings)	Arrives between Fri, Feb. 15 - Mon, Feb. 18. Want delivery by Monday, 18 February? Choose Standard Delivery at checkout. Delivery rates and return policy.	Add to Basket
£19.95 FREE Delivery	New	PlumbinBitsUK ★★★★★ 100% positive over the past 12 months. (9,831 total ratings)	Arrives between Fri, Feb. 15 - Mon, Feb. 18. Want delivery by Monday, 18 February? Choose Standard Delivery at checkout. Delivery rates and return policy.	Add to Basket
£19.98 ✓prime	New	Eakers Home Improvement Centre ★★★★★ 92% positive over the past 12 months. (6,173 total ratings)	Want delivery by Thursday, 14 February? Order it in the next 3 hours and 20 minutes, and choose One-Day Delivery at checkout. See details. Delivery rates and return policy.	Add to Basket

5. Marketing & merchandising dynamics change daily on Amazon

As an online business, Amazon's competitive and marketing dynamics change more quickly compared to a brick-and-mortar retailer. And these changes can have a bigger impact.

The chart below shows the month-over-month Amazon share growth for a brand in the home improvement space.

(Share represents the percentage of total sales a brand has within a given category over a period of time, and therefore is a good measure of competitive strength. The higher your share, the better you are competing; increasing share means you are kicking butt!)



Source: Profitero

5. Marketing & merchandising dynamics change daily on Amazon (continued)

On Amazon, there are many factors that can influence whether you are winning or losing on any given day. This is the same as any retailer. But on Amazon, these factors can be influenced daily. For example:

- In a brick-and-mortar store, promotions have to be planned months in advance. But Amazon has its own advertising program built into its platform that virtually allows brands to sponsor keywords and bump up their search position, and sales, at will. You can run a promotion or drop a coupon, and affect a change on Amazon anytime you want... but guess what? So can your competitors!
- Unlike brick-and-mortar retailers, Amazon has the ability to delist products overnight if they become unprofitable to ship (which is known as CRaP — Can't Realize any Profit), even if they sell at high volumes. Amazon also can designate items as "Add-ons" or "Prime Exclusive," reducing their visibility and, ultimately, sales. In fact, we saw one Profitero customer lose 20% of sales in one week due to some top-selling products going Prime Exclusive.

These kinds of ongoing dynamic activities can massively swing sales and market share away from — or toward — your favor.

You need to be on your game 24/7. And most importantly, you need analytics to help you understand which factors are moving your sales and share up and down most, or otherwise, how can you prioritize where to focus?

PRO TIP:

While sales and category share are important KPIs for measuring performance, it's also important to look at leading indicator metrics, such as the number of times your product pages are being viewed (glance views) and your product page conversion rates. Along with Buy Box win rate, these two metrics are highly correlated with increases and decreases in product sales and should be monitored weekly, if not daily.

Example of a product designated as Add-on Item by Amazon



Stanley 84-114 3 Piece Basic 6-Inch Slip Joint, 6-Inch Long Nose, and 6-Inch Diagonal Plier Set by Stanley

★★★★☆ ~ 363

\$8¹⁹

Add-on item Get it as soon as Sat, Mar 9

FREE Shipping on eligible orders

Add-on item

This item is available because of the Add-on program
The Add-on program allows Amazon to offer thousands of low-priced items that would be cost-prohibitive to ship on their own. These items ship with qualifying orders over \$25.
[Details](#)

6. Amazon has its own unique 'traffic events' to leverage

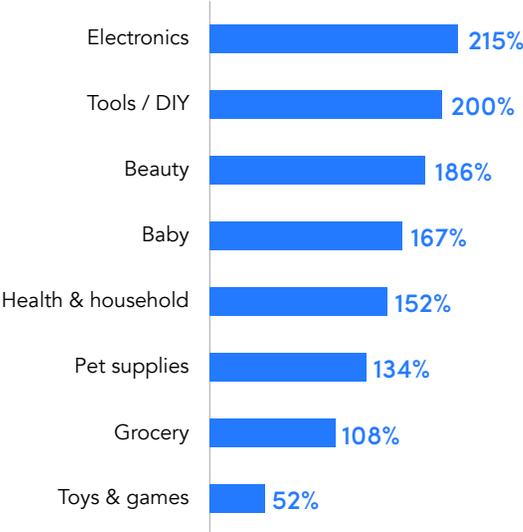
Just as in the brick-and-mortar world, be sure to stay on top of your category's online seasonal promotions (e.g., Amazon's Spring Events for Mowers & Outdoor Power Tools, Memorial Day deals in the U.S., Father's Day gift-giving, etc.). They can play out big when done right.

But unlike in brick and mortar, you also must pay attention to the magnitude of unique online traffic events, like **Cyber Monday** and **Prime Day** — the latter, a "manufactured" promotional event first launched by Amazon in 2015 to celebrate the retailer's 20th anniversary.

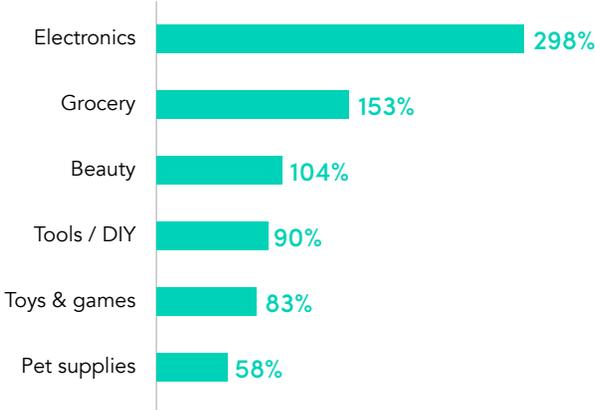
Prime Day sales lift vs. average daily sales of previous week

Source: Profitero; 2018 Prime Day sales indexed vs daily sales of previous week

Amazon U.S.



Amazon U.K.



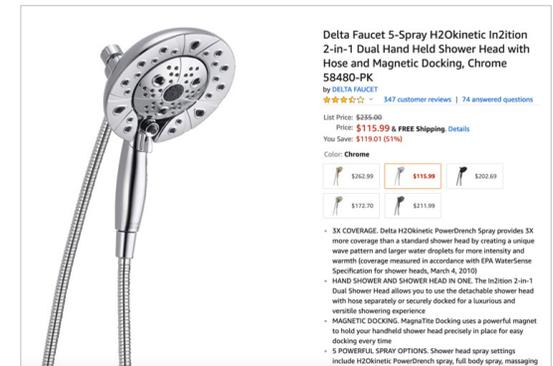
6. Amazon has its own unique 'traffic events' to leverage (continued)

These days, Prime Day is pretty much considered a mid-year sales-boosting event that happens (in July) during a typically slow time on the retail sales calendar (e.g., post the big summer holidays but before back-to-school).

Let's look at a specific product example: Delta Faucet 5-Spray H2Okinetic In2ition 2-in-1 Dual Hand Held Shower Head. Delta aggressively promoted the item at a 51% discount taking the list price of \$235 down to \$115.99 during Prime Day. The promotion paid off. Sales spiked (+4,165%) on Prime Day. Delta continued to benefit beyond the two-day event as average daily sales the following week registered 3.5x the average daily sales in the week running up to Prime Day.

The halo effect of a Prime Day promotion

Source: Profitero; Time period: Jul 09, 2018 – Jul 24, 2018

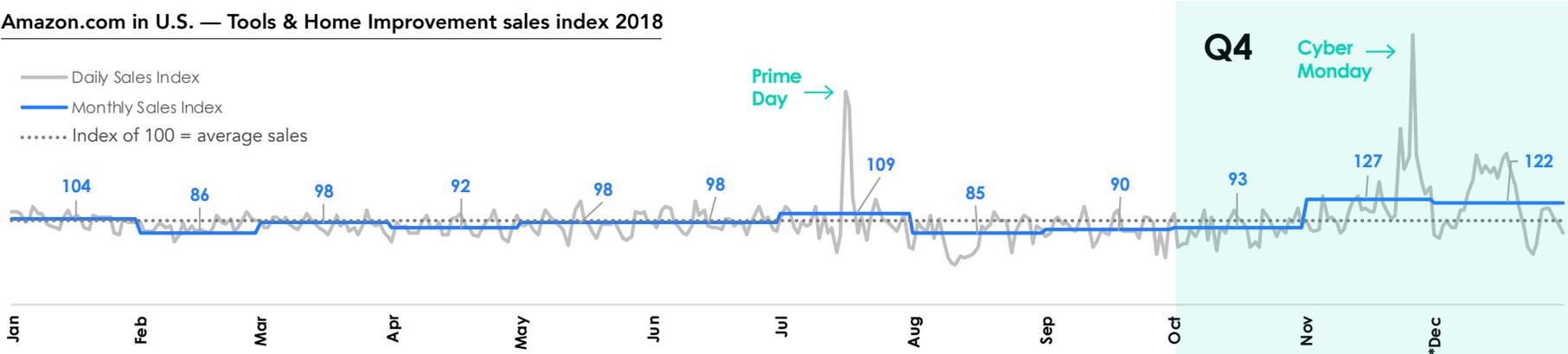


6. Amazon has its own unique 'traffic events' to leverage (continued)

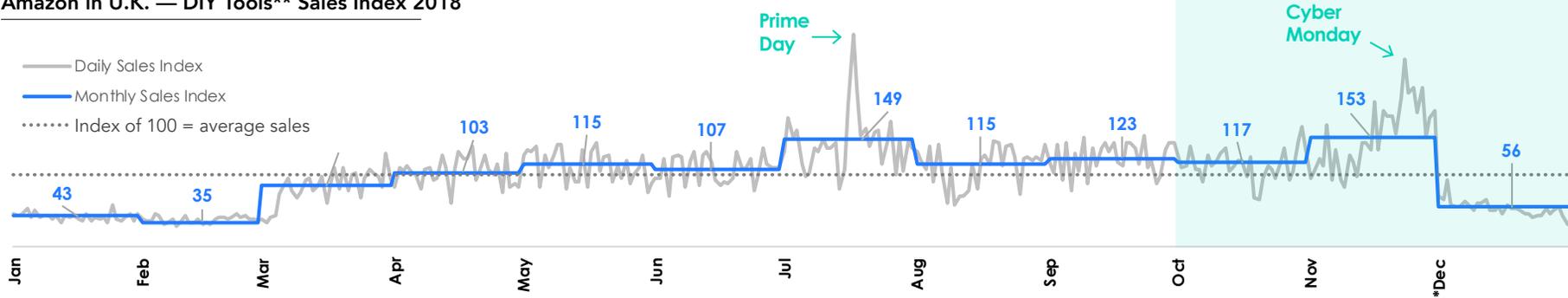
This chart illustrates the level of sales spikes the Tools & Home Improvement category can expect on Prime Day (July 16-17 in 2018) and the all-important Q4 holiday seasonal events of Black Friday and Cyber Monday.

Circle these days on your events calendar: promotions can pay off big for brands that participate. It's not uncommon for brands running promotions to double or triple (or even more) their sales during these online events versus their average daily sales.

Amazon.com in U.S. — Tools & Home Improvement sales index 2018



Amazon in U.K. — DIY Tools** Sales Index 2018



Source: Profitero; Time period: Jan 2018 - Nov 2018. *Dec corresponds to 2017. **DIY Tools trend does not include Mowers and Outdoor Power Tools sales.

PART 3.

How to accelerate your sales online

Tools & Home Improvement brands can't watch from the sidelines. You have to build your Amazon strategy now, while simultaneously managing a strategy for your core retail partners.

There are many things you could do to accelerate your sales on Amazon, but the real question is: What should you do?

This is exactly the question we set out to answer at Profitero.

Using our daily updating, item-level view of Amazon sales and share, we examined the impact of more than 10,000 unique change events across the digital shelf, spanning 7,200 products across categories. Change events were things like updating content with specific types of images, or increasing the number of reviews. We then ranked each change event from first to last according to what drove the most sales for the products studied.

The result is a sales-prioritized approach to eCommerce optimization featured on the following pages.

“Companies need to stop treating all issues and opportunities on the digital shelf with equal weight and instead, size and prioritize actions that will move the needle. The only way to do that is by judging your potential actions against what will most impact sales.”



Keith Anderson
SVP, Strategy & Insight,
Profitero

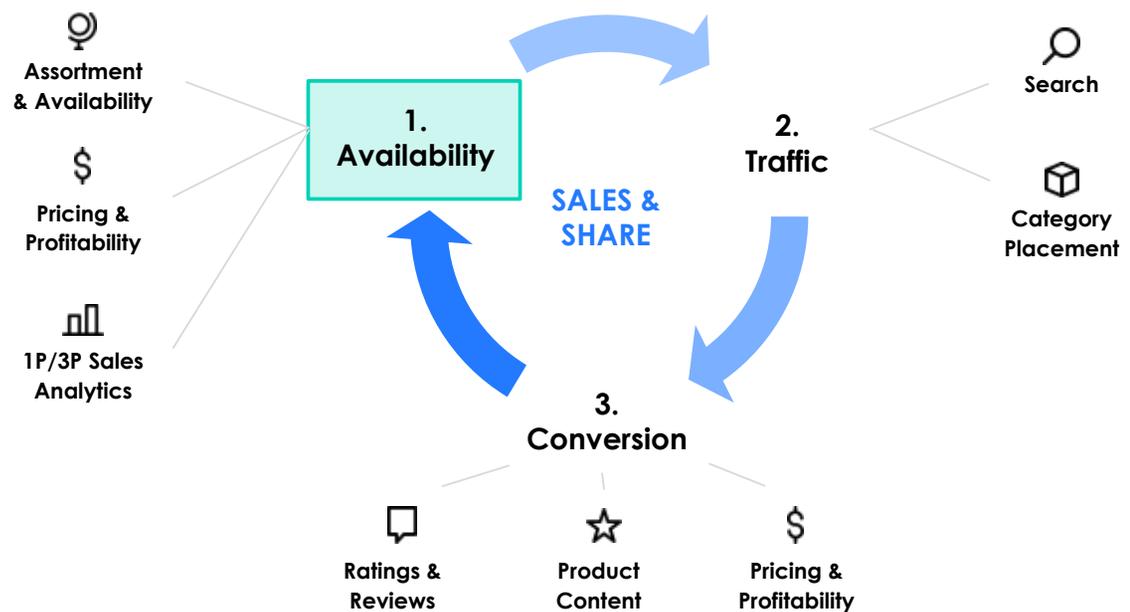
Step 1: Address availability issues

Product availability should be a top priority for all manufacturers on Amazon and on every other online retail site. **Monitoring out-of-stocks and fixing inventory issues is a quick and cost-effective path to boosting eCommerce sales.**

Remember: It doesn't matter how good your content is in driving traffic to a product page if there's not enough stock on hand to make the sale.

Using an eCommerce performance analytics solution like Profitero makes it easy for brand manufacturers to routinely monitor out-of-stock (OOS) rates across an entire product portfolio ... and oftentimes pinpoint the root cause of out-of-stock issues.

Armed with these kinds of data-driven insights and metrics, you can (1) take action to remedy problems under your control, and (2) be better positioned to negotiate inventory and supply terms with Amazon.



First things first: Be in stock when shoppers look to buy

A surprisingly large amount of online sales are lost every day due to products being out-of-stock when shoppers go to buy. As a brand, you may be doing a terrific job driving interest and traffic to your product pages, but then you fail to convert at the critical final moment because the retailer doesn't have enough inventory in-stock. On Amazon, this usually means a third-party (3P) seller is instead getting credit for the sale.

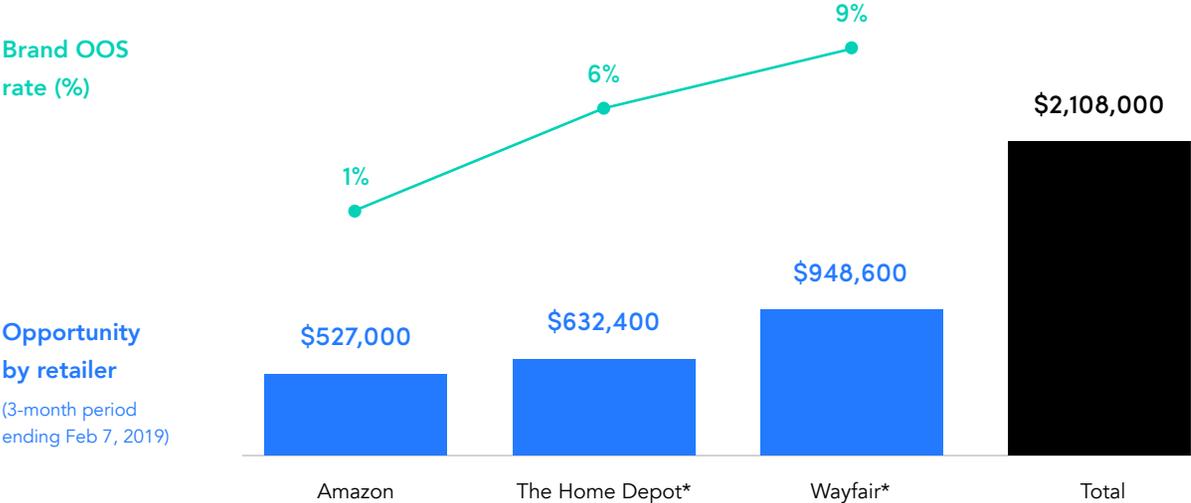
The key is to fix OOS so you're not leaving money on the table. We've seen customers increase monthly sales in the neighborhood of 3% - 5%, on average, by proactively sharing daily availability data with retailers to up their inventory levels.

Consider this example (right), which demonstrates just how big the lost opportunity can be. It shows the sales that a leading home improvement brand lost in a recent 3-month period due to out-of-stocks measured across three major U.S. online retailers. This vendor fundamentally lost more than 2 million dollars in sales in a single quarter due to OOS!

But with an eCommerce analytics solution in place that easily and cost-effectively detects out-of-stock issues early on, the vendor could have acted quickly to increase retailer inventory levels or develop a back-stop fulfillment solution.

Home Improvement brand OOS rate & opportunity by retailer

Source: Profitero. *Assuming other retailers represent 20% of Amazon's sales.



Stay on top of pricing to protect availability

Brands must understand how online pricing — and the so-called price wars — impacts availability too. Downward price spirals can cause out-of-stocks and CRaP-ing out, which (as we discovered in Part 2) can lead to delisting by Amazon. So, you'll want to **avoid a race to the bottom** at all costs.

Let's look at an example to help explain what we mean.

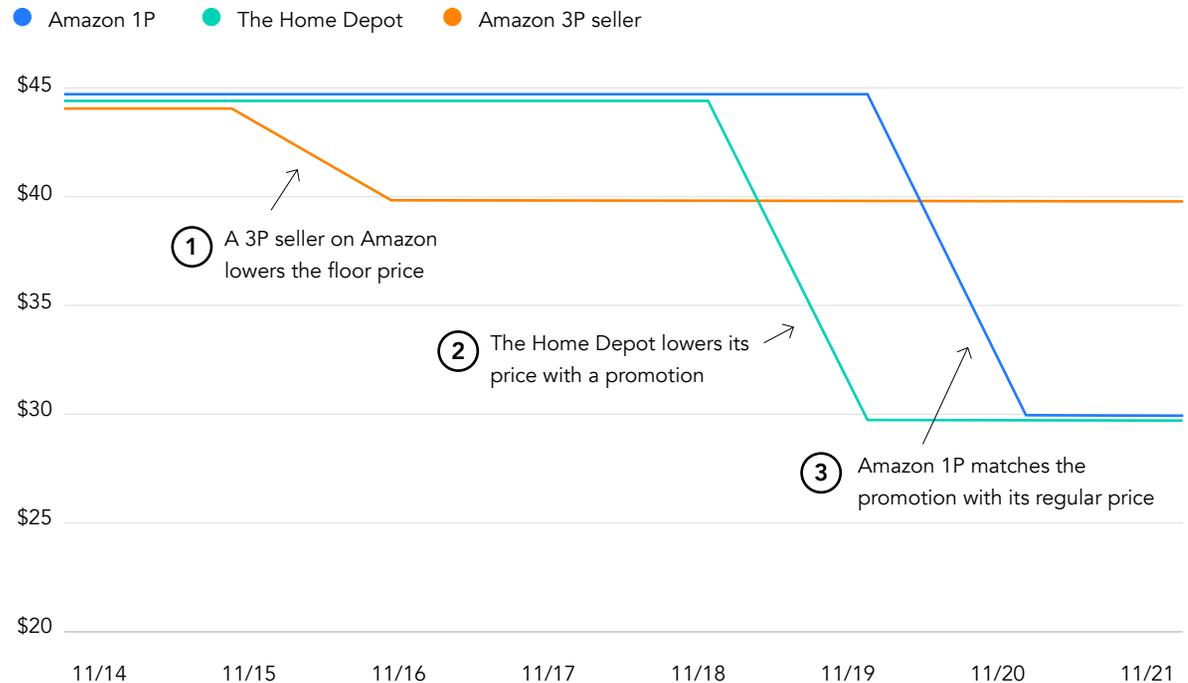
Imagine a 3P seller lowers a product's price that then ends up kicking off a chain reaction of price drops. The Home Depot follows up by running a \$30-off promotion of its own (a 32% price reduction). This promotional price is then matched by Amazon, establishing the new "low-price" standard in the marketplace.

As you'd expect, demand increases significantly. The product goes OOS as the supplier wasn't able to react quickly enough. More significantly, the product gets tagged as Prime Exclusive due to CRAP issues, an early warning sign of potential delisting.

Why is this significant? Because we recently saw one Profitero customer in Europe lose 20% of their weekly sales when three of their best-selling products went Prime Exclusive. This goes to show that without continual monitoring and a daily understanding of retail pricing dynamics, even a simple promotion can lead to disastrous consequences.

First movers and followers put pressure on price

Source: Profitero



Result

amazon.com

First Alert
First Alert BRK SC7010B Hardwire Combination Smoke and Carbon Monoxide Alarm with Battery Backup

★★★★☆ 223 customer reviews | 57 answered questions

List Price: \$59.99
Price: \$30.00 **prime**
You Save: \$29.99 (50%)

In stock on December 1, 2017.
Purchase in stores

Out of stock

Exclusively for Prime members
This item is reserved for Prime members. Details

Try Prime free for 30 days
Cancel anytime

Add to List

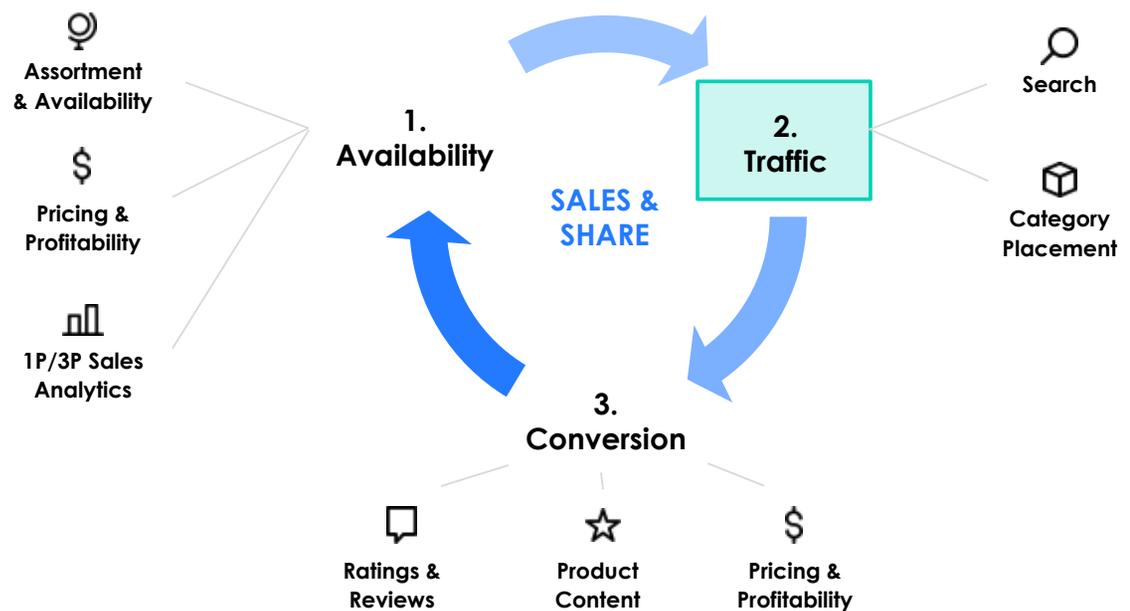
Moved to Exclusively for Prime (EFP) due to profitability issues

Step 2: To boost traffic, findability is fundamental

Once your product is available, maximize traffic opportunities next. At all times, your goal should be to get more “eyeballs” on your product page. After all, 66% of U.S. consumers now start their product search on Amazon, according to a [study by Feedvisor](#)⁶.

Understand that **findability is fundamental**. That is, where your products rank in search results on retailers’ sites directly impacts your eCommerce success online. If a shopper can’t find your product, they can’t buy your product.

Search is also a driver of the now-famous “flywheel effect” at Amazon and other online retailers: products that place well in search results tend to sell more, and products that sell more tend to place better in search results. Success breeds success, creating a moat for competitors and rewarding those that move early and decisively to win.



⁶ Feedvisor, The 2019 Amazon Consumer Behavior Report, <https://feedvisor.com/resources/amazon-trends/the-2019-amazon-consumer-behavior-report/>

If you're not on page 1, you're basically invisible

Page placement is the most critical performance metric. 70% of shoppers never click past page 1. So, your first goal in Search should be to increase your share of page 1 placement for prioritized general keywords in your category — and your own brand keywords relevant to your highest-potential products. Larger teams or those working with an agency may also want to tackle more advanced opportunities, like sponsoring competitors' brand keywords.

Popular keywords by product group*

Source: Profitero, Amazon
Non-branded keywords on Amazon.com, Jan 2019.
*Product groups defined by Profitero

Tools

Keyword

tool box
tools
table saw
drill
screwdriver set
multitool
tool kit
tool set
axe
jigsaw

Kitchen & bath fixtures

Keyword

shower head
bathroom accessories
kitchen faucet
bathroom organizer
shower caddy
toilet paper holder
towel rack
shower curtain hooks
bathroom faucet
bathroom shelf

Lawn & garden

Keyword

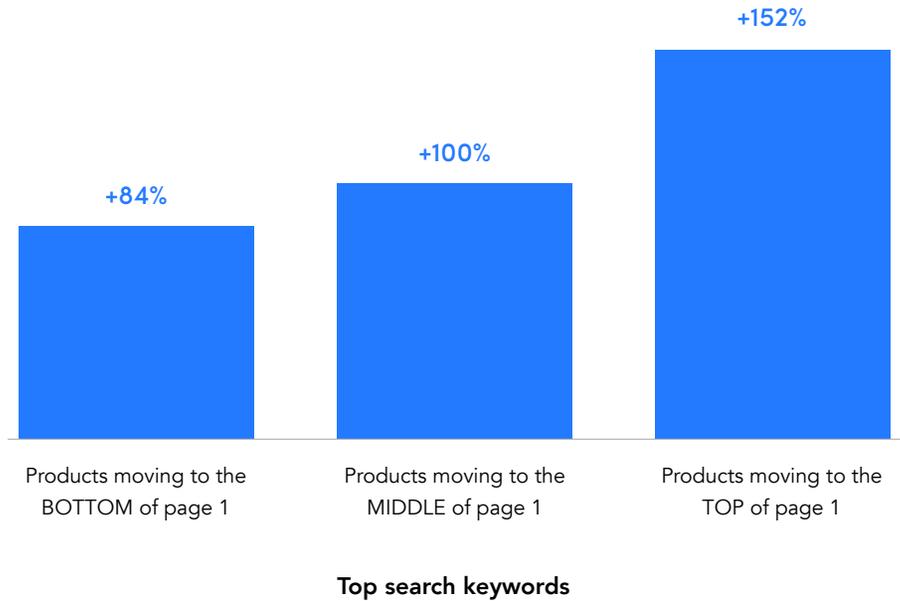
pressure washer
lawn mower
leaf blower
log splitter
electric pressure washer
leaf vacuum
leaf blower cordless
tiller
electric lawn mower
edger

If you're not on page 1, you're basically invisible (continued)

Our research shows that winning page 1 placement for top keywords can double sales. This chart shows a product moving from page 2 to the bottom of page 1 for a top keyword yields a +84% sales lift.

Sales lift for products moving organically onto page 1 of search results

Source: Profitero



Sponsor your own keywords, or someone else will

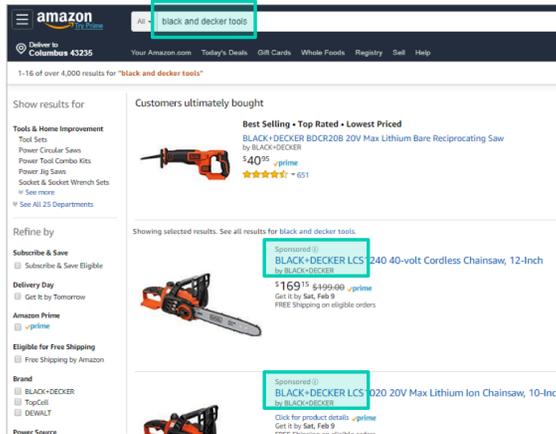
We covered the benefits of moving up to page 1, but fair warning: an opposite effect in sales loss can occur if you drop off page 1. This means owning your branded keywords should be an integral part of your sponsorship strategy.

Let's take a look at a few examples:

On the left, we find Black and Decker defending its position on the top of page 1 by sponsoring its own brand keywords. You may be thinking: Doesn't this just cannibalize all the hard work I've done producing great product content so I can organically place near the top of page 1 anyway? This is a valid argument until you see what can happen if you don't sponsor your own keywords.

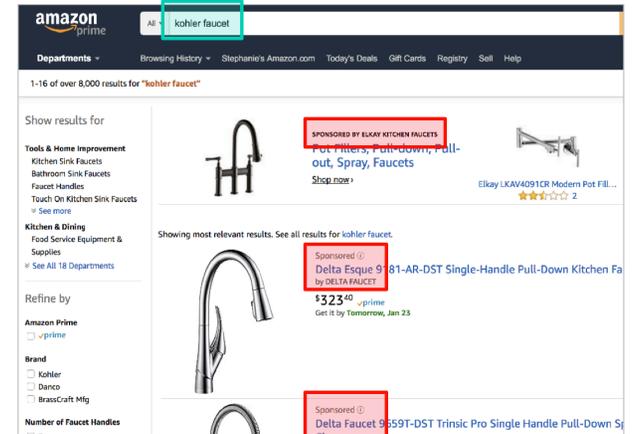
In the example on the right, Delta and Elkay are sponsoring the branded keyword of a top competitor: "Kohler faucet." This results in Kohler products being pushed further down page 1. Worse yet, what if they got pushed off page 1 completely? That could have a disastrous sales effect.

 **Black & Decker owns Page 1 by sponsoring all their own brand keywords**



The screenshot shows the Amazon search results for the keyword "black and decker tools". The search bar at the top contains the text "black and decker tools". The results page shows 1-16 of over 4,000 results. The top result is a sponsored product from Black & Decker: "BLACK+DECKER BDCR208 20V Max Lithium Bare Reciprocating Saw" priced at \$409.5. Below it, another sponsored product is shown: "BLACK+DECKER LCS 240 40-volt Cordless Chainsaw, 12-inch" priced at \$169.1. A third sponsored product is visible: "BLACK+DECKER LCS 020 20V Max Lithium Ion Chainsaw, 10-inch" priced at \$169.1. The search results are dominated by Black & Decker products, indicating they own the top position for their own brand keywords.

 **Delta and Elkay are sponsoring Kohler's faucet keywords—and winning**



The screenshot shows the Amazon search results for the keyword "kohler faucet". The search bar at the top contains the text "kohler faucet". The results page shows 1-16 of over 8,000 results. The top result is a sponsored product from Elkay: "SPONSORED BY ELKAY KITCHEN FAUCETS Elkay LKAV4091CR Modern Pot FILL... out, Spray, Faucets" priced at \$149.99. Below it, another sponsored product is shown: "SPONSORED BY DELTA FAUCET Delta Esque 981-AR-DST Single-Handle Pull-Down Kitchen Fa" priced at \$323.40. A third sponsored product is visible: "SPONSORED BY DELTA FAUCET Delta Faucet 9859T-DST Trinsic Pro Single Handle Pull-Down S". The search results are dominated by sponsored products from Delta and Elkay, indicating they are winning the top position for Kohler's branded keywords.

Stay a step ahead: Put a scorecard in place

The keyword search examples on the previous page underscore the importance of having an analytics solution in place to help you monitor which of your competitors are targeting your products, and when they're doing it.

Here is an example of a scorecard you should be regularly receiving and reviewing to help monitor what's happening with keyword search. With this kind of data at your disposal, you can easily see who's winning vs. losing keyword search, and then act accordingly — whether that's focusing on improving organic search or putting more skin in the sponsorship, e.g., Amazon Advertising, game.

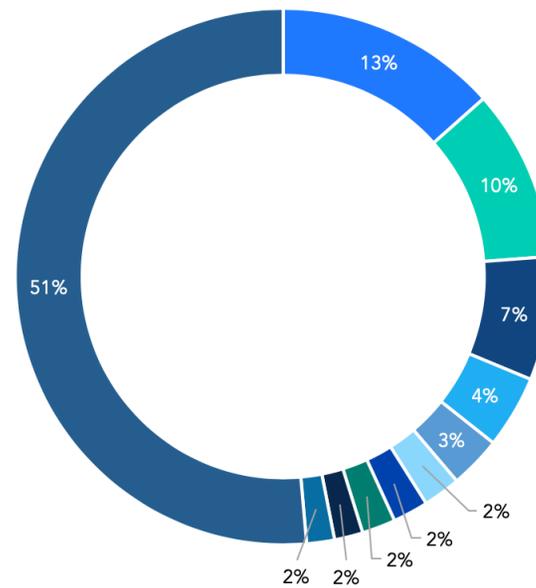
Example scorecard — Amazon placement

Source: Profitero

Tools — Amazon share of page 1

23 high frequency keywords

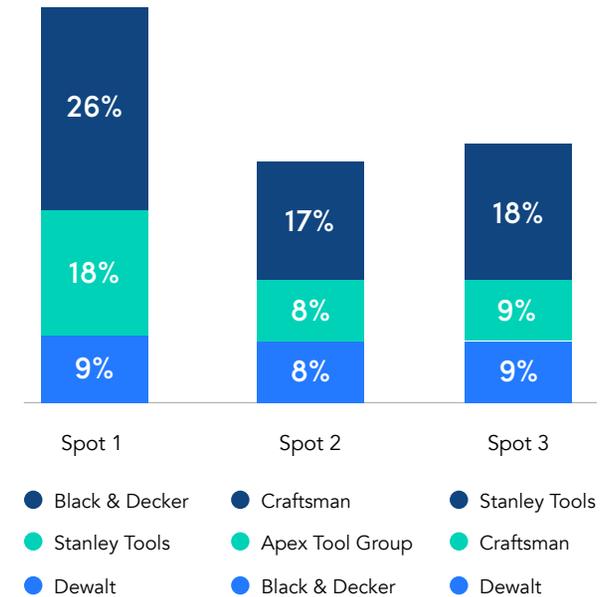
Time period: Jan 9, 2019 - Jan 15, 2019



- Dewalt
- Makita
- Black & Decker
- Cartman
- Stanley Tools
- Tekton
- Craftsman
- Husqvarna
- IRWIN Tools
- All other
- Bosch

Share of top 3 spots

23 high frequency keywords



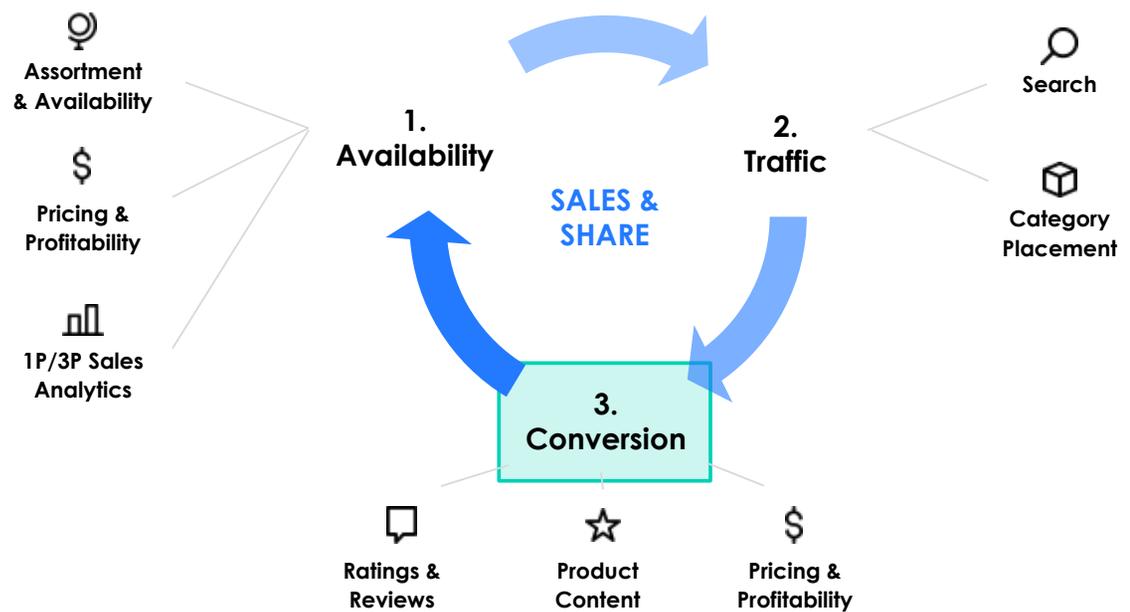
Keywords (ranked by search frequency):

toolbox (276), tools (673), drill (657), tablesaw (1,020), screwdriverset (1,829), toolkit (2,023), toolset (2,297), axe (2,565), impact driver (2,606), circularsaw (2,789), multitool (2,996), hammer (3,512), sander (3,739), jigsaw (4,354), pliers (4,700), screwdriver (4,887), wrenchset (4,963), allen wrench set (5,263), hammer drill (5,515), woodworking tools (5,866), power tools (8,006), adjustable wrench (8,127), power drill (8,677)

Step 3: Optimize conversion

Now that you're getting enough traffic, it's time to boost conversion. Start by prioritizing the products not converting well. You can do this via analytics like those provided by Profitero, which help you measure the conversion rates for your individual product pages.

Once you've identified products with significant conversion upside, focus on improving **Product Content** and then Ratings & Reviews for those products. Assuming your products already get enough traffic, visual content (images, video, and enhanced or A+ content) correlate strongly with improved conversion rates.



Boost conversion & sales with enhanced content

We've carried out research on thousands of products on Amazon to determine what **types of content best converts**.

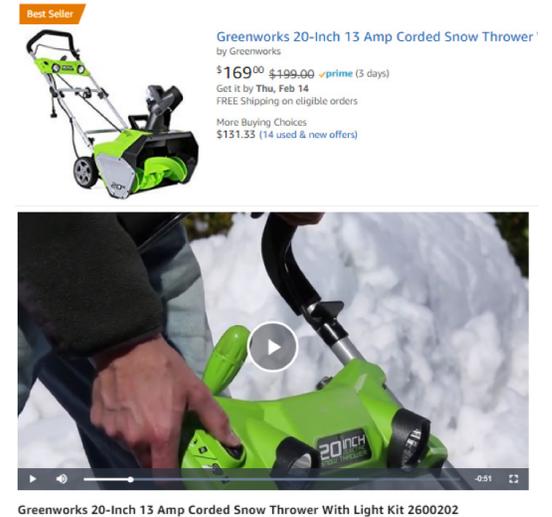
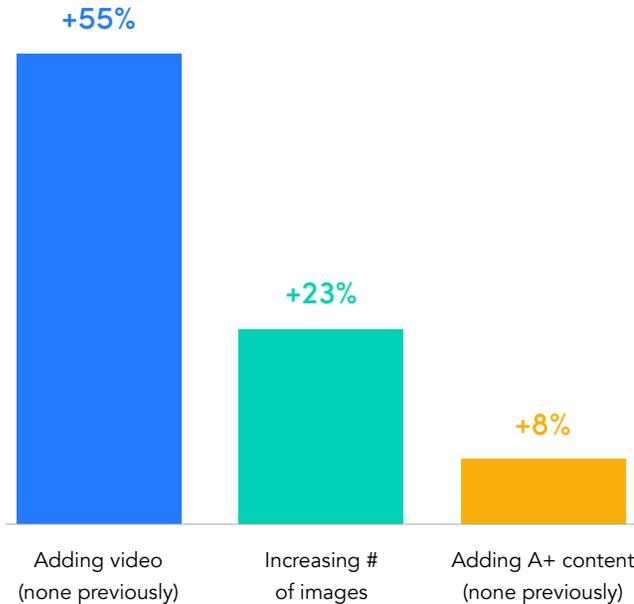
As shown in the chart below, one of the biggest drivers of sales was through the addition of a video on a product page. A **DIY consumer study**⁷ by Venveo provides further evidence: 88% of DIYers say they watch how-to videos and 65% are more likely to buy from a brand that provides videos of DIY projects.

This is especially true for Home Improvement categories, providing a double benefit: (1) giving shoppers the confidence that they are buying the right product and brand, and (2) also providing some clear education, which is why many shoppers come to Amazon in the first place.

⁷ Venveo, 10 Characteristics of the DIY Consumer, <https://www.venveo.com/blog/10-characteristics-of-the-diy-consumer>

Average sales lift related to change in product content

Source: Profitero



“Our extensive research in the Home Improvement space shows what types of content drives a more valuable and engaging shopping experience on DIY retailer sites. These include image galleries of the product in a lifestyle setting, how-to videos demonstrating projects and product use, 360 spins as if the consumer is actually holding the product, and comparison charts conveying a product’s value-add attributes vs. the brand’s other products.”



Chris Barnes
SVP, Corporate Development & Solutions Delivery,
Syndigo

Don't fly blind: Use benchmarks to guide your content

An important point to keep in mind: Never focus solely on your products in a vacuum. Benchmarking against your competitive set and particularly best-in-class products for your category is a great way to ensure your products not only remain highly visible to shoppers, but more importantly highly likely to convert browsers into buyers.

Among the key metrics you should be monitoring and benchmarking against include the number of reviews, average star rating, number of images, and number of characters in your product descriptions and bullet points.

Of course, Amazon doesn't make it easy. Its algorithms are constantly changing and, therefore, what you need to optimize in your product content changes too. "Set it and forget it" doesn't cut it with product content. If not already doing so, it's a good practice to set a regular cadence for product content audits. We recommend quarterly at a minimum and monthly if possible.

Amazon Best Sellers benchmark—Tools & Home Improvement

Source: Profitero Amazon FastMovers, Jan 2019, Top Brands—18 day period ending Nov 26, 2018.

Reviews	Star rating	Content	Content
Avg. # of reviews	Avg. star rating	Avg. # of images	Avg. character count in title
2,673	4.3	7	104

Top-selling brands in Amazon Tools & Home Improvement



“Content Syndication is absolutely critical to ensure that a brand’s story is told in the best light across their retailer channel partners. Without accurate, up to date, and quality content being shared across that ecosystem, both the brand and retailer lose the opportunity to engage, build loyalty and convert the shopper.”



Chris Barnes

SVP, Corporate Development & Solutions Delivery,
Syndigo

Earn your Amazon badges

Scroll through any Amazon search results page and you're bound to see products with the "Amazon's Choice" and "Best Seller" badges.

Based on an analysis of 37,000 products on Amazon, both with and without badges, Profitero learned that Amazon's Choice and Best Seller badges have a major impact on a product's traffic and conversion.

- Amazon's Choice increases conversion rate by 25% on average, especially on products with a high number of daily glance views.
- Best Seller has a greater impact on traffic, increasing a product's glance views by an average of 45%.

We're conducting more research to find out what specifically causes a product to get the Amazon's Choice badge. But for now, it's reasonable to assume it's a combination of all the steps featured in this playbook: (1) be in stock and priced right; (2) optimize search to get found; and (3) offer great content.

It's time to get cracking on making your priority products as strong as possible across each of these dimensions so you can optimize your Amazon Flywheel.



Increase in traffic & conversion when having an Amazon badge

Source: Profitero; 37,086 products studied, July 2018, US

	'Amazon's Choice' badge	'Best Seller' badge
Traffic	<p>+17%</p> <p>avg increase in daily glance views</p>	<p>+45%</p> <p>avg increase in daily glance views</p>
Conversion rate	<p>+25%</p> <p>avg increase in daily conversion rate</p>	<p>+3%</p> <p>avg increase in daily conversion rate</p>

Have plenty of authentic ratings & reviews; they matter

Consumers rely heavily on the experience and opinions of others during their path-to-purchase. This is a key reason why having an adequate number and sustained flow of high-quality, authentic **ratings & reviews** on your brand website and syndicated across online retail sites matters.

Systematically measuring the impact of reviews on traffic, conversion and sales may matter even more. Ratings and reviews can have a profound effect on online as well as offline performance.

It's equally as important that brands routinely monitor consumer product feedback, which means having an analytics tool in place to flag any problems or negative comments.

Adding reviews to a product (from 0 to >0) lifts traffic, sales & conversion

Source: PowerReviews

Based on a representative sample of 14,000+ products across 100+ retailers in the PowerReviews Network that went from 0 reviews (for a minimum of 30 days) to >0 reviews (for a minimum of 30 days) over a 6-month period. Traffic (impressions), sales (\$ value of orders) and conversion were measured and averaged daily for each product, then averaged by merchant and across the network.

	Average	Top 10%
Traffic (Impressions on product pages)	108% traffic lift	239% traffic lift
Sales (Revenue from orders)	92% sales lift	196% sales lift
Conversion (% of traffic making a purchase)	65% conversion lift	126% conversion lift

5 key takeaways

It's imperative you make Amazon your priority today.
Our recommended path to get started and scale:

1

"Size the prize" — What's your upside on Amazon? Use data solutions like the kinds offered by The NPD Group to measure and keep track of online penetration across the category and prioritize the specific retailers driving that online growth.

2

"See where you stand" — Are you outpacing? Or are you trailing? There's an old saying: "A rising tide lifts all boats." Just by the very fact that Amazon is growing, your brands will grow too. But unless you can benchmark against competitor sales or growth of the category in total, you don't know if you are truly winning or not. Profitero's sales and share estimates can help you here. Similarly, you should be using digital analytic tools like those offered by Profitero to benchmark your content, search placement and pricing against competitors.

3

"Prioritize actions" — What fixes will yield the biggest gains? If you are like other companies, your eCommerce teams and budgets are woefully under-resourced. With traffic and conversion data for your products, you can start to identify the products that are most critical to improve and better prioritize where to spend your Amazon Advertising and promotions dollars.

4

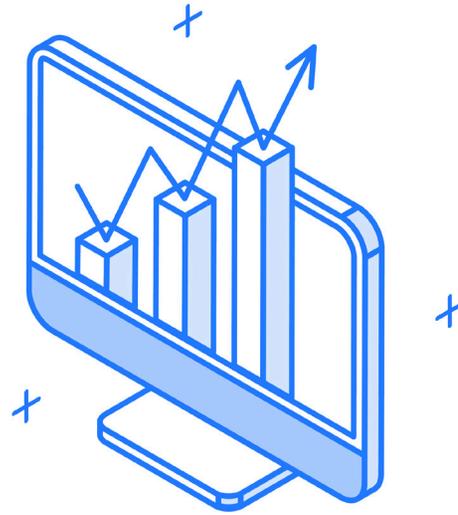
"Execute" — Don't wait to hire ... use agencies! Profitero has identified more than 100 unique eCommerce agencies who have vast expertise and experience optimizing all facets of digital execution. Start piloting projects with them and you will be surprised what you can accomplish on a lean budget and in a small time window. (To identify an agency, visit Profitero's [eCommerce Agency Directory](#).)

5

"Prove your business case" — Measure ROI to get more budget. The easiest way to expand your eCommerce budget is to select a subset of products and start optimizing them. This could mean adding A+ content or adding more images. It could mean upping your Amazon Advertising spend. Whatever it is, you can work with Profitero to measure sales, share, traffic and conversion increases you get as a result. Use us an objective 3rd party to craft your business case for more budget.

Request a demo
today and learn how
Profitero can help
you win on Amazon!

Request a demo



"We selected Profitero as it provides us with accurate, detailed and, most importantly, actionable insights on the key levers driving eCommerce sales, helping us to take both strategic decisions and prioritize daily actions. Profitero's user-friendly platform and personalized alerts were also central to our decision."



Pauline Junne
EMEA eCategory Manager,
Groupe SEB

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Tel U.K.: **+44 208 123 3101**

ABOUT PROFITERO

Profitero is the eCommerce Performance analytics platform of choice for leading brands around the world. With Profitero, brands can measure their digital shelf performance across 8,000+ retailer sites and mobile apps in 50 countries, gaining actionable insights to improve product content, search placement, ratings & reviews, availability, assortment and pricing. Profitero also allows brands to measure their Amazon sales & share performance, along with the ability to correlate their sales performance with changes across the digital shelf. Many of the world's leading brand manufacturers depend on Profitero's granular and highly accurate data to measure and improve their eCommerce performance. These include Bayer, Beiersdorf, Dorel Juvenile, Edgewell, General Mills, Kids II, L'Oreal, The Master Lock Company and Molson Coors.

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