

The Amazon Opportunity: How to list and sell your products

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Key for symbols

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	Find Out More (hyperlink)
	Checklist
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	Fulfilling orders
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	The Buy Box
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Introduction

Why Amazon?

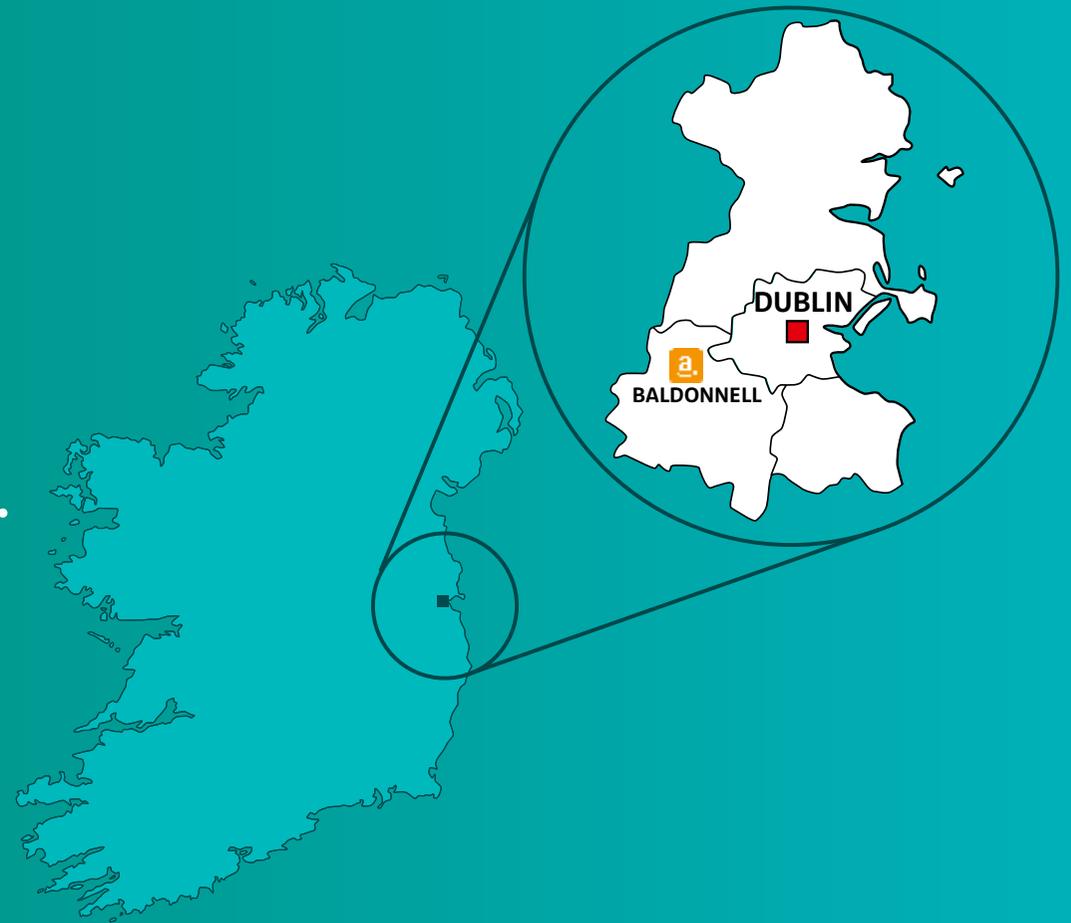
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Why Amazon?

Amazon Ireland opportunity

As Amazon opens its first warehouse in Ireland in Spring 2022, it opens up a whole world of opportunities for Irish brands.



Why Amazon?

The 58,530 square meter (630,000 square foot) centre at Baldonnell Business Park, Dublin, will hold millions of items to be picked, packed and shipped to customers across Ireland, as well as the rest of Europe. This will allow Amazon to meet the growing demand from Irish customers and cut the UK from its Irish supply chain - avoiding Brexit-related delays, extra charges and red tape. But the benefits don't end there:

Irish customers will get faster deliveries, easier returns and greater choice, all of which continue to drive the trend towards online shopping

Irish brands will have a unique opportunity to ship their products locally at a lower cost

Local customers can receive their orders faster with access to Amazon Prime

Irish brands will also regain an entry point to key Amazon EU markets that Brexit had made hard with the removal of Amazon UK as an entry point

Why Amazon?

The Ireland opportunity is only part of the Amazon story. The outbreak of COVID-19 saw significant growth in eCommerce throughout 2020, with Amazon growing substantially across all key markets - further strengthening its place in consumers' lives. So, it comes as no surprise that it's an increasingly important platform for brands looking to grow or to drive availability into new or existing markets.

Add to that the fact that Amazon's retail/marketplace GMV isn't just continuing to grow at a high rate, it's outpacing the market:

\$335B GMV 2019 > \$475B GMV 2020
42% growth YoY²
(vs. total eCommerce growth of 27% in the same period¹)

Why Amazon?

In fact, Amazon is now the world's biggest product search engine.

63% of online shoppers start their product search on Amazon

48% start on search engines

33% start on retailer sites

25% start on other marketplaces³

Amazon reaches more households than ever before.

Amazon has launched sites for **13 countries** and ships to over 100 countries worldwide

Amazon accounted for **€4.45** of every **€100** spent in UK retail during 2020⁴

46% of UK adults have used the Amazon app in the last 7 days

76% of UK adults have visited Amazon.co.uk in the last 7 days⁵

72% of Irish shoppers/households use Amazon platforms - double the independent penetration of Tesco, Dunnes or SV⁶

The number of transactions by Irish people on the platform trebled in the pre-Christmas period 2020 compared with 2019⁷

³ <https://www.statista.com/statistics/1034209/global-product-search-online-sources/>

⁴ <https://www.theguardian.com/technology/2021/feb/03/amazon-reports-uk-sales-rose-by-51-in-2020> / <https://www.statista.com/statistics/287912/retail-total-annual-sales-value-great-britain/>

⁵ Kantar TGI – May 2021

⁶ smp COVID-19 tracker study: Wave1: Apr 3rd-6th 2020 (N=2009) / Wave2: May 27th-29th 2020 (N=2009) / Wave3: Aug 14th-18th 2020 (N=2031)

⁷ <https://www.ascentialedge.com/press/amazon-almost-double-global-food-and-beverage-sales-within-five-years>

Why Amazon?

Consumers are shopping on Amazon more often; a trend that looks set to continue:

People who say they purchase more often on Amazon:



People who believe they will maintain that habit when the pandemic is over:⁸



And more are buying food and drink on Amazon. In fact, food and drink sales are growing significantly:

- Amazon's global online edible grocery sales will reach US \$26.7 billion by 2026, up from an expected \$14.5 billion by the end of 2021⁷
- This represents a 13% CAGR over the five-year period, outpacing the forecasted 10.5% CAGR for the total edible grocery eCommerce growth and store-based CAGR of 3.7% over the same period⁷
- Ecommerce is forecast to grow its global share of total edible grocery sales from 5.1% in 2021 to 6.9% by 2026⁷
- Amazon Fresh (US) grew +305% in June and +332% in July 2020⁸
- Amazon more than doubled its UK alcohol sales in 2020, seeing 121% growth July-October 2020 YoY⁹

Why Amazon?

Food and Drink Category Sales 2021

 Amazon UK
\$18,147.2m¹

 Amazon Germany
\$21,224.6m²

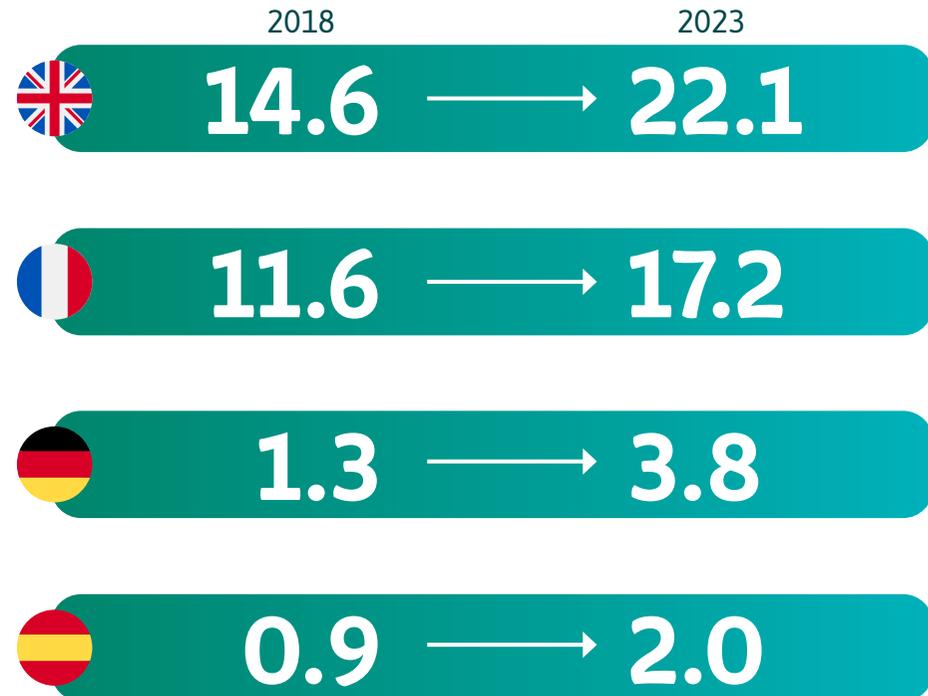
 Amazon France
\$6,269.3m³

 Amazon Italy
\$6,010.4m⁴

 Amazon Spain
\$5,518.2m⁵

By 2023, the total online grocery market is expected to increase.⁶

(in billion U.S. dollars)



Why Amazon?



In the UK

In Feb 2022, Competition and Markets Authority (CMA) announce that Amazon has surpassed the **£1 billion** in turnover mark in the food and grocery sector⁹

6.6m people shopped online for groceries in 2021¹⁰

Snacks & Desserts category is the largest in the Grocery category on Amazon, outpacing Condiments, Spreads & Cooking, as well as Beverages YoY. Beverages are the **2nd largest category**, with a growth rate exceeding the grocery average rate. (2020-2019) 3rd = baking supplies, 4th = catering food & drink, 5th gift & hampers¹¹

Catering Food & Drinks category is small but is the **fastest growing category**. Gift Baskets & Hampers category growth is exceeding grocery average growth¹¹

Beverages Category: Coffee is the largest category within beverages and the **3rd largest category** in the entire grocery category. Apr 2019 — Mar 2020 Amazon Category Insights Tea (UK)¹²



Find out more

- Please refer to section 1.2 and 1.6 within **Section 1 PDF – Understanding Amazon**

Why Amazon?



In Germany

In 2018 Germany was ranked **8th** in the online grocery market.⁷ (Data from IGD)

The spirits category is growing faster than most peer categories and is **the largest** in the alcoholic Beverages vertical (April 2020)¹⁴

Snacks & Deserts are the **2nd largest** Grocery Category on Amazon in Germany, with a slow growth rate behind Beverages. Pasta & Grains are the highest growing category on Amazon (2019-2020)¹³

#1 Sales Rank amongst Alcoholic Beverages categories

#2 Sales Growth Rank amongst Alcoholic Beverages Categories

0-10% Sales Growth Comparison, faster than Alcoholic Beverages vertical



In France

In France the beverages category is growing faster than selected peer categories (Baking supplies, gift baskets and hampers, snacks and deserts and condiments, spreads and cooking) and is also **the largest** in the category vertical (May 2020)¹⁵

#1 Sales Rank amongst Grocery categories

#1 Sales Growth Rank amongst Grocery categories

30-40% Sales Growth Comparison, faster than Grocery vertical



Find out more

- Please refer to section 1.6 within **Section 1 PDF – Understanding Amazon**

Amazon Ireland: Challenges as well as opportunities

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Amazon Ireland: Challenges as well as opportunities

As well as opportunities there will be challenges too, starting with the fact that the warehouse will increase competition for Irish brands as it opens Ireland up to EU brands who sell through Amazon.

Forewarned is forearmed, so here are some of the other challenges to consider:



Amazon Ireland: Challenges as well as opportunities

Amazon is highly competitive:

- For example, 'Whiskey' returns 5000+ results / 4*+ = 2000 results (Amazon UK)
- High performance in a high competition category requires expertise, time and budget to achieve results
- Brands need to build a business case for the investment required to meet performance expectations
- Successful brands invest in dedicated Amazon resources, whether that's internal or external

Amazon advertising requires long-term thinking:

- Expecting sales to start immediately leads to reactive decisions and a lack of testing, which ultimately limits the speed and level of growth that can be achieved
- Building a base of knowledge about the category on Amazon, its dynamics, the competition etc. takes time and money
- Budget for Amazon advertising needs to be available and managed for the full year, including allowance for seasonal or event-based sales peaks
- For example, brands should ringfence 10% of Sponsored Ads budget for testing (ongoing) and allow 4-10wks to fully optimise campaigns for brands that are new to Amazon. The results from the initial testing phase can be used to build a business case for an 'always on' budget across the year

Amazon Ireland: Challenges as well as opportunities

Opportunities to stand out from competitors on Amazon are limited:

- More emphasis is placed on price when undifferentiated brands/products compete on Amazon
- A compelling brand story and differentiated positioning helps brands to challenge market leaders
- Brands need to leverage creative opportunities to bring their brand to life
- For example, ensuring all PDP, A+, Brand Store content clearly communicates your brand story and differentiated positioning

The performance of a brand outside of Amazon plays a large role in its Amazon performance:

- Amazon does not operate in a vacuum, consumers bring their exposure and experience of brands with them when shopping on Amazon
- Brands with low brand awareness will find it difficult to scale their Amazon performance
- Brands need to build their brand and awareness outside of Amazon
- For example, sustained advertising grows share of search: 60% of searches coming from the long-term effects and 40% from short-term effects*
- Branded search is a big factor in the long-term efficiency of Amazon search performance. A salient brand will deliver greater Amazon search volume, organic performance and Sponsored Ads efficiency

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