



Guide To Amazon Prime Day 2022

For Sellers





Table of Contents

Introduction	3
Promotions	5
Prime Exclusive Discount	5
Coupon	6
Lightning Deals	6
Sale Pricing	7
Prime Day Placements - Spotlight Deals	7
Advertising	8
Expectations - Return and Spend	8
Balancing Your Ad Strategy with Promotions	9
Shopper Intent	9
About Channeled	10



Introduction



But, success during the event isn't guaranteed.

With (anticipated) explosive buyer demand comes cut throat competition among the marketplace's sellers.

Get in the game? Or sit on the sidelines?

Prime Day is an increasingly complicated time for Amazon sellers. It has added an additional (potential) peak sales event during the year for brands to consider in addition to seasonal and holiday driven events.

Prime Day is approaching fast - July 12th and 13th - and it is time to get your ad campaigns and last minute Prime Day deals setup to succeed.

With Amazon Prime membership now at over 200M members, and last year's Prime Day event recording another sales record of \$11.79

billion, there's no denying the significance of Prime Day for both shoppers and brands.

The event can be a powerful opportunity for brands looking to promote top products, offload inventory, grow reviews and ranking for new products, or increase brand visibility.

In our experience the event requires an increasingly careful examination to understand what the real opportunity for your brand is during the Prime Day period. A sound strategy will require a thorough understanding of your products' positions within your category in respect to ranking, pricing, and sales volume.



Can your brand discount aggressively enough to compete?
.....

Does your brand need to discount or use Prime Day specific promotions? Play Defense (defend market share)? Play Offense (grab market share)?
.....

Have you balanced your discount and promotional strategy with your advertising plan?
.....

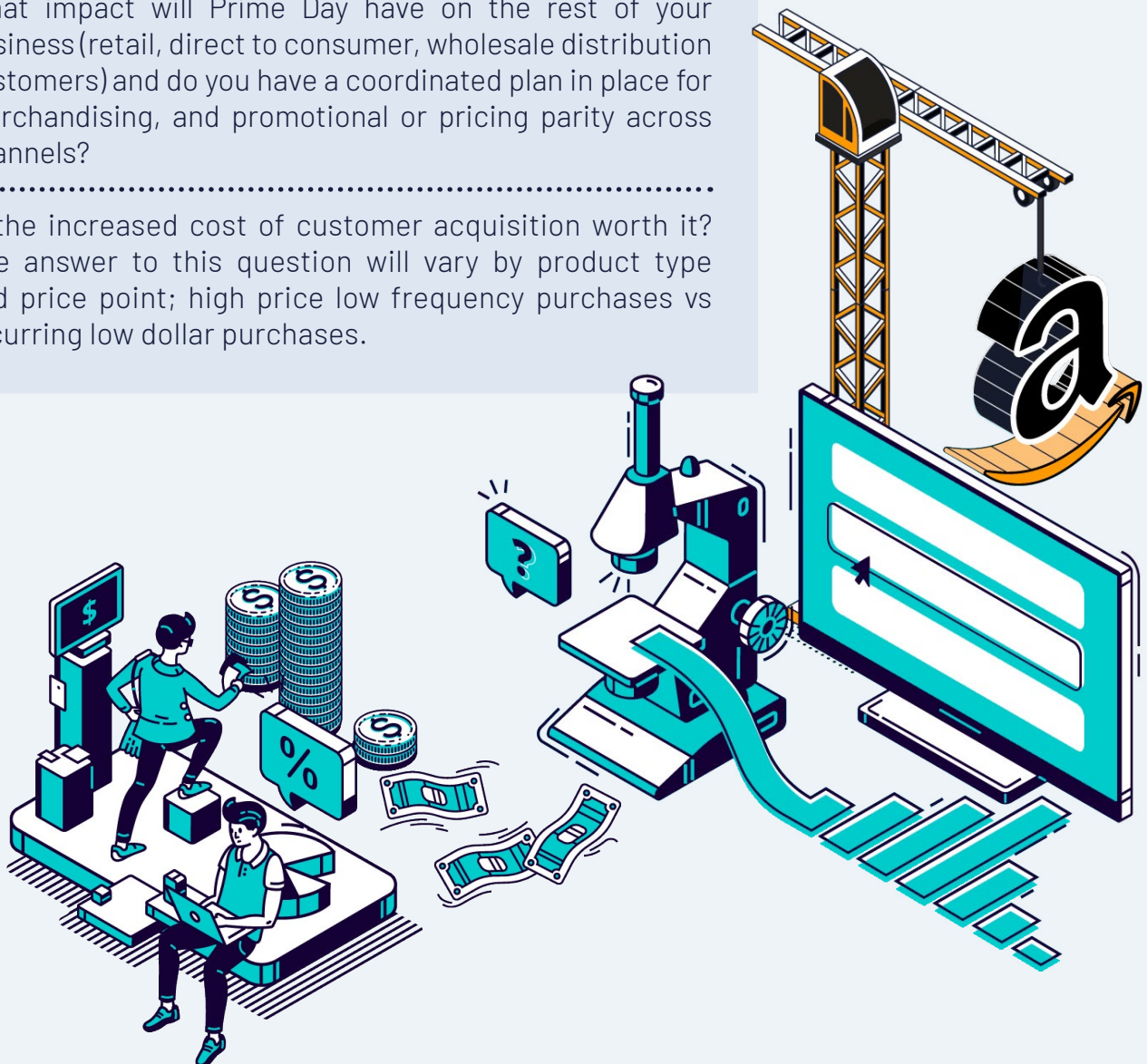
Has Prime Day worked well for your brand in the past?
.....

What impact will Prime Day have on the rest of your business (retail, direct to consumer, wholesale distribution customers) and do you have a coordinated plan in place for merchandising, and promotional or pricing parity across channels?
.....

Is the increased cost of customer acquisition worth it? The answer to this question will vary by product type and price point; high price low frequency purchases vs recurring low dollar purchases.



Once the opportunity has been defined, brands will need to proceed to the tactical requirements for participating - inventory allocation (how much to send or prepare), advertising strategy (budget and allocation considerations), and promotional strategy (which and when to use).





Promotions



With Prime Day, Amazon has created a massively successful shopping event during an otherwise slow time of year. And from the beginning - deals and promotions during Prime Day have been core to success for brands, but careful consideration is important before taking action.

First - brands will need to fully understand the margin implications of Prime Day - impacted by participation in discounts or promotions and increased ad spend. Deals and promotions can make the difference between success or failure during Prime Day. Brands also need to consider the "halo" effect after Prime Day or increased ranking and sales velocity that can for many brands continue well beyond the event period.

In many cases this makes the decreased margin a worthwhile investment, for others - well established in their respective categories - the decreased margin driven by increased advertising costs and heavy discounts may just be a loss on a sale that would have been captured anyway.

For new products looking to make a splash in a category the event can present as much challenge as opportunity. Product ranking and pricing still factor heavily in ranking so be mindful of your ASIN and overall competition in your category. You may not be able to outcompete a category leader with a discount strategy and aggressive advertising, and may only give away margin in trying to do so. But for

those new products with momentum and increasing ranking and reviews, the day could be a welcome shot in the arm in the form of a dramatic increase in traffic and conversions.

What about product/category fit during the time? Promotional events like Prime Day have different impacts on different categories of products. Is your brand selling a higher price point product where shoppers have been holding off a purchase decision awaiting that discount or promotional event? Or is this an event where a discount tempts a new customer to try a new product?

Let's look at a few promotional strategies for the day/s:



Prime Exclusive Discount

These promotions receive preferential placement from Amazon in search results and throughout Amazon.com during the event. Coupons and strike through pricing are a good conversion tac-



tic which work to increase click through and conversion rate on the detail page by showing a potential customer a lower price - but these promotions still rely on being made visible - IE by displaying in search due to organic ranking or ad placement.

Prime Exclusive Discounts receive both highly visible badging AND additional placement support in Prime Day specific sections of the Amazon marketplace search results. Most Prime Exclusive Discounts require a minimum discount of 20% off and are historically price sensitive.

Amazon Prime Exclusive Discounts are free to run (no additional fee) and you don't have to be enrolled in Amazon Brand Registry. Prime Exclusive Deals can be accessed from the "Advertising" drop-down menu on your Amazon Seller Central page. In addition, Prime Exclusive Discounts are only available to Amazon Prime members and are extremely popular on Prime Day.

Coupon

Shoppers love a good deal, and offering a coupon can be a great way to differentiate your listing from the competition. In addition to incentivizing the customer to

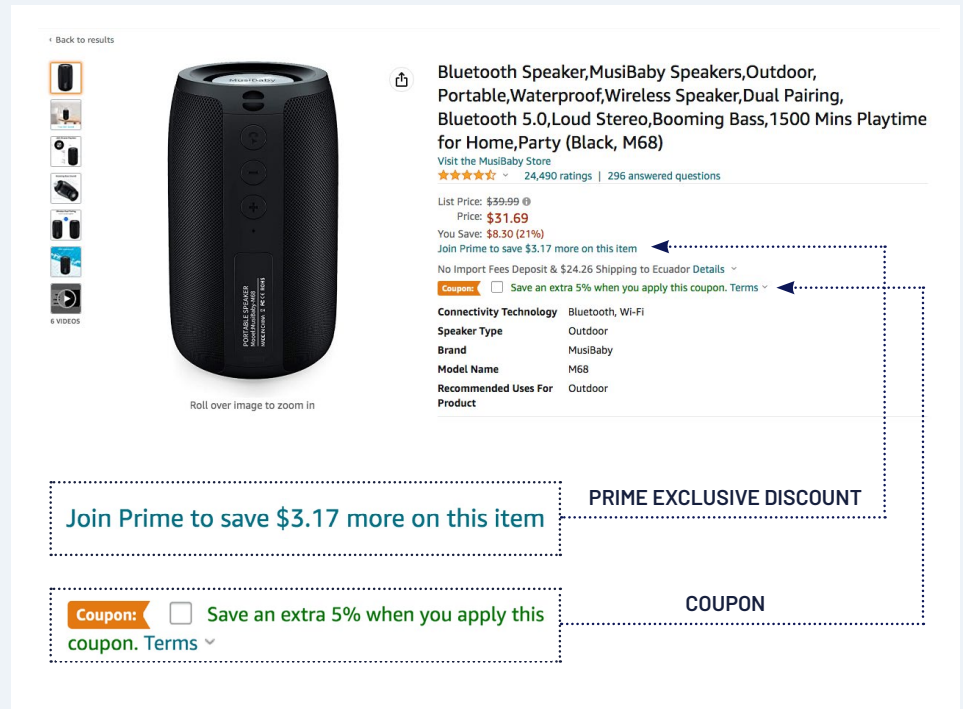


Image - Example of Prime Exclusive Discount and Coupon

Lightning Deals

convert, coupons visibly stand out in search results with an easy to see green badge indicating the discount amount.

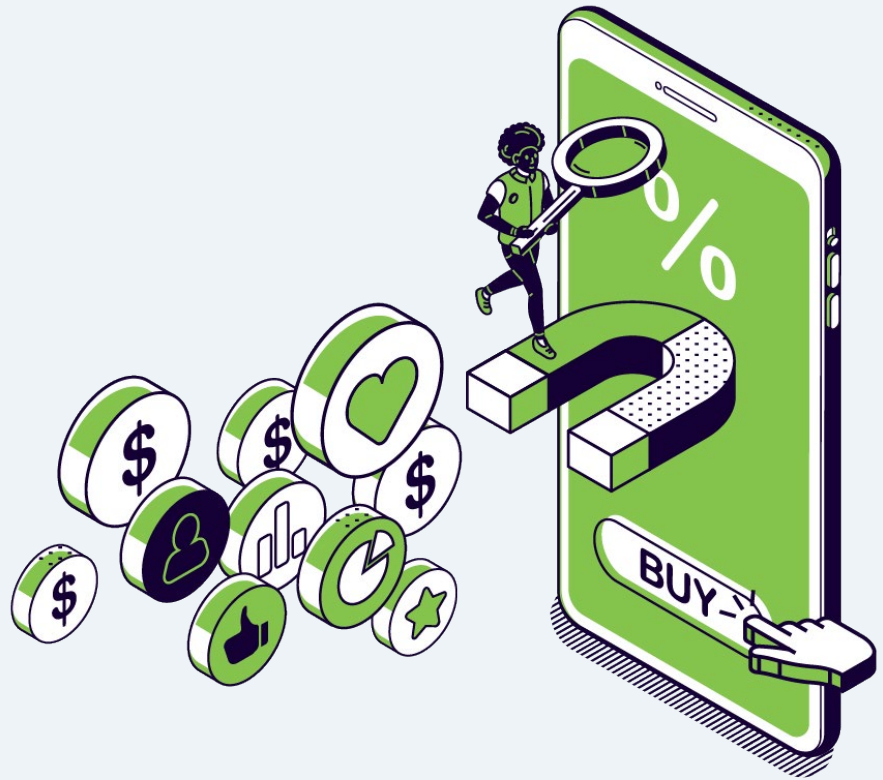
When a customer on Amazon clicks on the coupon the discount is then applied automatically at checkout. From testing we know that a discount of 10% or more is enough to make a material impact on customer conversion. Further a 15% discount or more will receive preferential placement by Amazon in search results.

Lightning deals are a "pay to play" promotion on Amazon, available only on products which qualify for them (brands can see this within their seller central account). These promotions run for limited time slots and for specified quantities of inventory creating a sense of urgency for shoppers to participate.

Similar to the other promotions brands need to examine the viability of running Lightning Deals by understanding what the fully



loaded cost of the promotion is. There is a base fee just to run these deals which fluctuates depending on when the deal is being run (typically in the \$150-\$500 range). These fixed fees should be examined on a per unit (sold) basis in addition to the discount provided.



Sale Pricing

Decreasing an item price temporarily during Prime Day by using a sale price can be a good strategy for driving sales through both higher conversion rate and better ranking (The Amazon looks at selling price, in addition to other factors, in determining rank). In cases where inventory is overstocked, marking an item down with a sale price to coincide with Prime Day can be a good sell-through strategy. Finally a sale price is also a good option for products that don't qualify for other promotions.

Again - understand the implications to your business of pricing decreases - from channel conflict, to margin erosion, to opportunity (is the juice worth the squeeze?)



Prime Day Placements - Spotlight Deals

Spotlight deals are invite-only promotions available to brands with qualifying products. Qualification for these promotions is heavily dependent upon Amazon's confidence in the brand and product being able to achieve sales targets - which vary by category - that are very high for the event (typically targeting \$MM's in sales). Coordinating and sourcing these deals begins early in the year with Amazon engaging

prospects typically in Q1, asking for very heavy discounts and large inventory commitments from Seller Fulfilled Prime and FBA sellers. We have helped many brands with access to these deals model out the scenarios in which the promotion may be effective for them. Like many of the promotions discussed here they can be very successful for the right products.



Advertising

Advertising during Prime Day can get expensive with the increase in traffic and search volume. Keep a close eye on your budget, cost per click (CPC), and return on ad spend (RoAS) leading up to, during, and after the event. Invest heavily in Sponsored Product campaigns. This ad-type will showcase any Lightning Deals or Coupons offered for that product—and Amazon customers are looking for a deal!

Window shopping in advance while customers await discounts will often lead to increased click through rates (paying for more clicks) and an elevated cost of advertising during the Prime Day period (more advertisers bidding for ads drives CPC prices up) = more clicks x higher CPCs = significantly increased spend.

Conversion rates can be erratic during Prime Day - lower conversion ahead of Prime Day, high during Prime Day, and then tailing off to normal levels a few days after the event. Brands will need to monitor advertising budgets, automation targets (ACoS, ROAS, TACoS), and ad performance.



Expectations - Return and Spend

Many sellers are concerned with increasingly complex advertising strategies and rising costs. Even though ads are getting more expensive and more complicated, they are more necessary now than ever to compete effectively in a crowded marketplace.

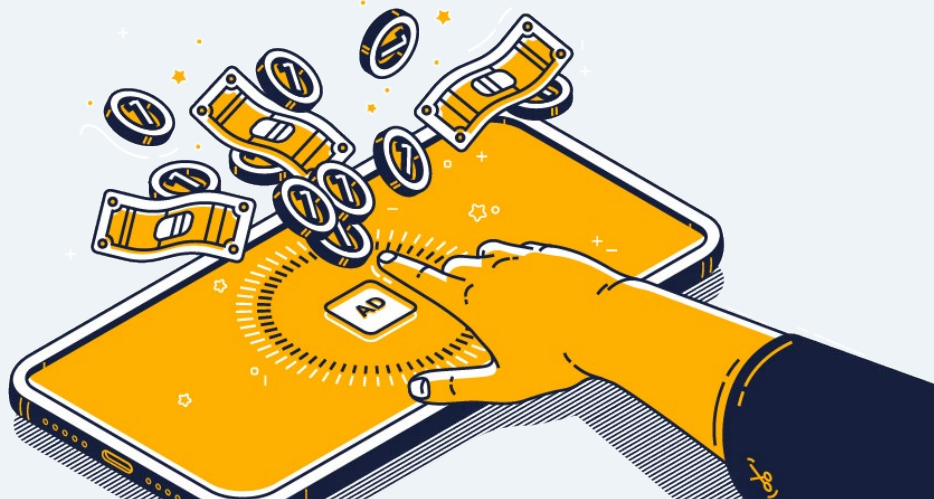
Brands should carefully consider PPC strategies leading up to and during Prime Day. Brands looking to compete and stay at the top of search may want to increase their ad spend to stay competitive for their highest performing keywords. However, margin conscious brands may choose to expect temporarily poorer than average performance due to the increased

competition, and plan around a return to normal performance after Prime Day has passed. In this case a brand may not want to make big changes to “keep up” with the competition. If this is the strategy being used, it is also wise to ensure that any automation tools that manage bids or budgets don’t make major changes during Prime Day while in pursuit of conversion.

Prime Day Ad Budgeting

We recommend the following:

- Increase your daily budgets 2-3x their normal daily allocation
- Set budget rules that will help reduce manual effort on adjusting budgets
- Prevent high performing campaigns from running out-of-budget





Balancing Your Ad Strategy with Promotions

Balance your advertising plan against your promotional plan. Have a plan for increasing or decreasing your advertising budget with multiple check-ins throughout the day and consider timing of budgets and bidding against any you intend to run. For example, some brands may choose to reduce ad spend when running heavy discounts or promotions which receive additional support in the form of preferential placement, or they may reallocate spend to another part of their ad strategy or product catalog.

Understand the impact of the promotions your brand is running.

Can your product support an increased advertising conversion cost as well as a significant discount? Are you viewing the event as a marketing expense - happily capturing increased traffic and exposure for your listings despite the increased cost of advertising?

Set your expectations in advance with a perspective on these questions.

And remember that for some promotional tactics to succeed - the discount is often not enough during an event where shoppers are bombarded with deals. Cou-

poning and price discounted listings will still require an advertising strategy in order to make these products visible to the shopper - IE discounts and coupons don't matter if the shopper never sees them...



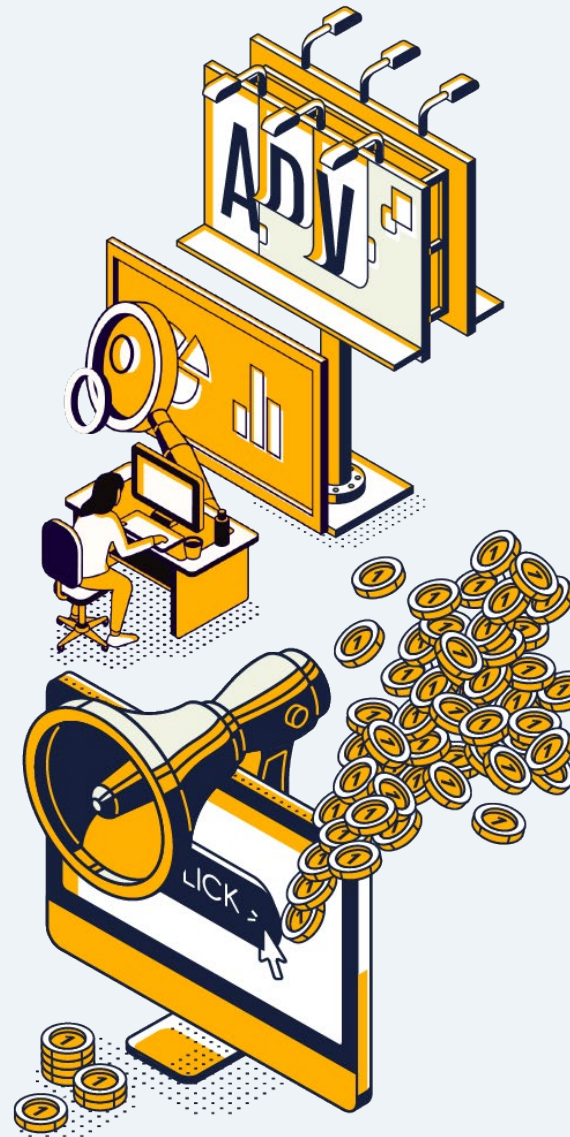
Shopper Intent

Leading up to Prime Day brands should expect increased detail page views and click through rates on advertising as buyers start anticipating deals during the Prime Day period. However, buyer conversion rates are often lower before the deals start.

This increased rate of click through (CTR) coupled to higher cost per click (CPC) - driven by advertiser competition - will have most brands seeing elevated advertising spend during the period, with conversion performance being best during Prime Day deal period.

Brands will need to manage against this dynamic with ad budgets and targets. Increasingly sophisticated advertising technology integrations can help to put controls and rules on top of campaigns which maximize return and help to control spend. The increased click traffic can present a powerful opportunity to test new ad formats and presentations with

shoppers - allowing brands to test and learn quickly especially in support of peak shopping holidays occurring later in the year.



Increase your daily budgets during Prime Day 2-3x their normal spend

About Channeled

We Channel Brands to Achieve Elevated eCommerce Success.

Channeled delivers results by implementing proven data-driven marketplace and direct-to-consumer strategies.

Our Services:

Marketplace Management

We partner with brands to manage all aspects of selling on marketplaces, including Amazon, Walmart, and more.

Advertising and DSP

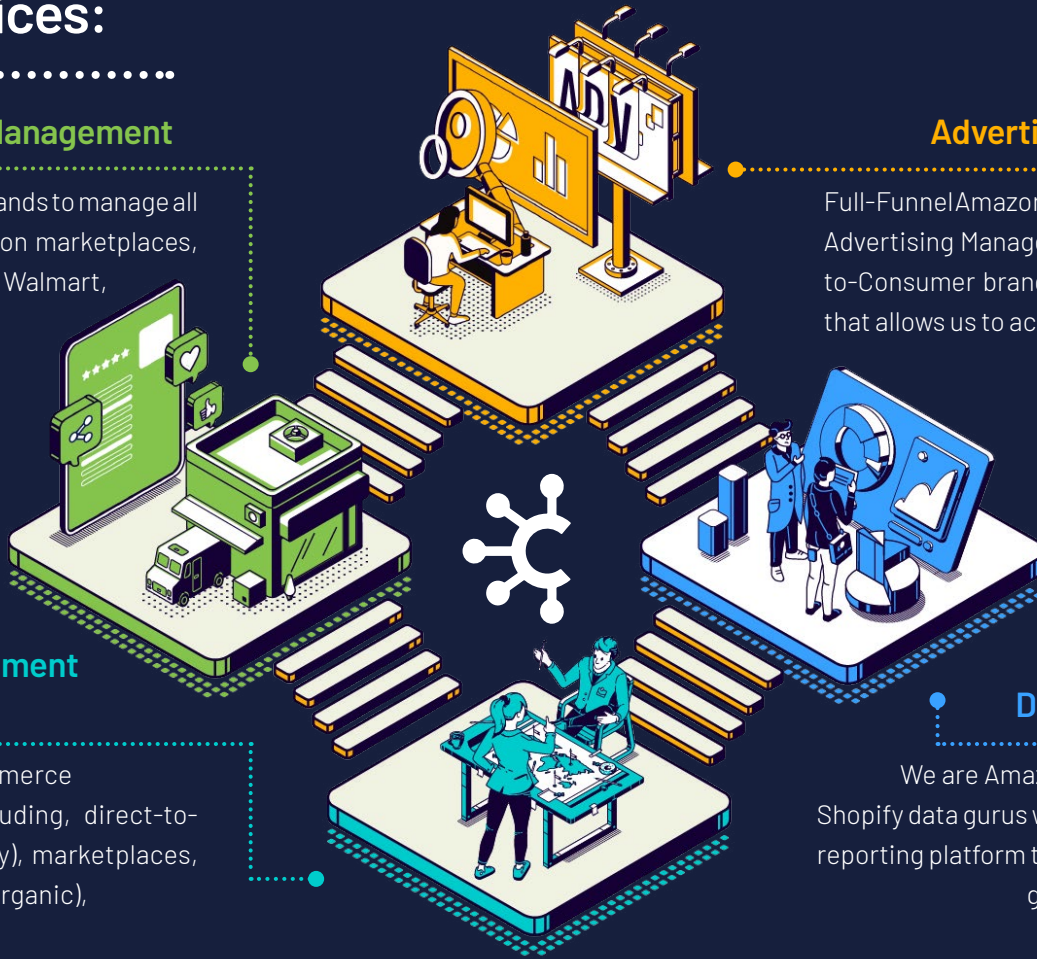
Full-Funnel Amazon and Marketplace Advertising Management for Direct-to-Consumer brands powered by AI that allows us to accurately hit ACOS target goals.

Brand Management and Advisor

End-to-end eCommerce management including, direct-to-consumer (Shopify), marketplaces, search (paid and organic), and operations.

Data Solutions

We are Amazon, Walmart and Shopify data gurus with a proprietary reporting platform that all our clients get access to use.



Let us show you what we can do with a complimentary audit of your Seller Account.

We will review:

Advertising campaign performance

Listing optimization opportunities

Overall account health

Allocation of budget and performance across ad formats/ad funnel

Brand position relative to competitors in the marketplace

Request an account or advertising audit here: <https://www.channeled.net/audit/>