



# Looking Beyond the Horizon

Why Brands Sell on Amazon & Other Marketplaces



Zentail

# Introduction

## To Amazon, or Not to Amazon?

It used to be said that if you're a large brand, you want to *be* an Amazon, not be *part* of Amazon. But this meant embarking on a Herculean mission, one in which there was never enough money or time in the world to match the juggernaut's speed of innovation or influence on daily shopping behaviors.

And so you found yourself in a pickle. You could either stay isolated from Amazon (and other marketplaces) but lose out on opportunities to scale—or join the playing field, meanwhile juggling fears like:

- “I don't want third-party marketplace sales to cannibalize my website.”
- “Managing additional channels is going to be more work than it's worth.”
- “There's a negative connotation associated with marketplace product quality and I don't want that to potentially hurt my brand image.”
- “I'm going to lose control over my customer (and ultimately, the sale) if I send them to a marketplace where all my competitors are listed.”
- “Marketplaces will eat at my profit margins.”

In this ebook, we'll dispel some of these myths by covering why brands choose to invest in online marketplaces. We'll also touch on why selling on these platforms doesn't entail waving the white flag of defeat. Rather, it means strategically using these channels to expand your digital storefront.

We've worked with a fair number of online brands over the years, many of whom have seen upwards of **four times more sales** by expanding into two or more marketplaces.

One top 100 Amazon apparel company used Zentail to onboard six new channels. As a result, they saw over 11 million USD in additional revenue in just one year.

We're passionate about this topic for good reason. As you read this ebook, we encourage you to ask yourself, is it about time that your brand took marketplace selling more seriously?

# Why Brands Sell on Amazon and Other Marketplaces

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# 01

## Established Audiences & Relevant Traffic

It's no secret that Amazon rakes in *billions* of visits each month. Though they may not attract as many monthly visitors, its counterparts like eBay and Walmart have the advantage of niche audiences that regularly return to their sites to make final purchases. Why?

- **Marketplaces are trusted.** They've groomed a reputation for having fair prices, fast shipping and buyer protections. When buyers shop on Amazon or Google (as examples), they can rest easy knowing that they'll be recompensed if an order gets botched. Be it through five-star ratings, Prime Badges or Google-backed shopping cart icons, marketplaces also have their own way of authenticating products for buyers to allay common concerns.
- **They're convenient.** Marketplaces may already hold a buyer's credit card information, past purchases and bookmarked searches to offer easy one-click purchases or reorders. Most offer mobile-optimized interfaces and convenient return options (sometimes through brick-and-mortar extensions) to further ensure a frictionless experience from start to finish.
- **They're personalized.** Advanced algorithms and affinity-weighted buy boxes let buyers easily find highly-relevant items or bundles of products. Beyond being great places to proactively research items, marketplaces promote virtual "window-shopping" by delivering specialized catalogs and deals to users.
- **They offer a wide selection.** Buyers can browse a growing assortment of items and alternatives at various price points. They're not limited to one brand or one product type per transaction on marketplaces; they can fill up their shopping carts with cross-category products, avoiding the need to website-hop for everything that they're looking for.



\* Data from SimilarWeb, June 2019

The average seller would take years to develop the types of ecosystems that marketplaces have already built.

From a search-engine optimization (SEO) perspective, marketplaces have completed several years' worth of content creation, keyword placement and further experimentation to grow their site's authority and credibility. Their

nimble infrastructures and large development teams let them move fast.

Let's take Google as an example. You might be in the process of enhancing your webstore to rank highly within Google.com's organic search results. As you're beefing up your SEO efforts, you're not just competing against other branded websites. You're trying to outrank miscellaneous blogs and sites (such as marketplaces) too.

[Google Shopping](#), by contrast, gives you and your buyers a designated spot to meet. By becoming an official Google seller, you automatically get top priority in search results and exposure through Google Voice, Images, Youtube and other highly-trafficked Google platforms. Google additionally sends the *right* visitors your way by surfacing products according to a buyer's queries and past interactions with your brand.

While marketplaces aren't a replacement for your long-term webstore and SEO strategy, they can fast track growth by introducing your brand to a ripe audience of hundreds of millions of shoppers. To your benefit, they already have mature systems in place to move people down the sales funnel, so you can enjoy higher close rates and returning users.

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## Did You Know

*Amazon's average conversion rate in Q1 2018 was 8.3% (with Prime Day conversion jumping to a staggering 11.4%), while the average Q1 2018 shopping cart conversion rate was 2.77%.*

Source: [Statista](#)

## Pro Tip

Google and Facebook are two marketplaces that offer exceptionally brand-friendly experiences. Today, they serve as digital showrooms for brands like Levi's and Hewlett-Packard (HP) where buyers can view select products, then click to their sites to explore more item details.

Levi's and HP challenge the notion that marketplaces will cannibalize webstore growth. Conversely, marketplaces can be seen as the main highway through which all major traffic is already flowing in and out. Listing your brand to these channels is like posting a billboard or exit sign to direct traffic to their next destination. While the first transaction may occur outside of your site, you can proactively use package inserts, promoted posts and more to inspire a second purchase directly from you.

## 02

### A Strong Defense Against Competitors

Brand dilution is a growing concern for online sellers, especially as marketplace reputation is starting to supersede brand loyalty. In fact, 65 percent of consumers surveyed by [DigitalCommerce360](#) said they felt comfortable purchasing from merchants they've never heard of on marketplaces.

Even people who land on your site are likely to defect to their go-to shopping platforms, according to another study by [Episerver](#). The survey found that a whopping 92 percent of consumers who visit a brand's site for the first time aren't there to make a purchase. Forty-five percent are actually there to search for a product or service, while 25 percent are comparing prices and other variables.

This means that if you're not meeting your customers at their next destination, then you're likely facing an uphill battle. You're essentially left with two options:

- **Throw money at ads** to retarget visitors who've bounced off your site. This can become expensive pretty quickly if you don't have a person on your team to properly manage your campaigns. Your ads will also be pitted against promoted listings by actual marketplace sellers, who take precedence over unlisted advertisers, throttling your reach.
- **List at least a part of your catalog** to the marketplaces where your customers are headed at a far lower cost in the long run. This may open the door to extra marketing, repricing and reporting tools that are freely available to marketplace sellers. For instance, you can gain tools like [Amazon Enhanced Brand Content](#) (EBC) to adorn your listings with brand details and multimedia. On the paid front, you can enjoy options like eBay Promoted Listings or Google Shopping ads to give your high-value SKUs a lift.

Note that every channel has a unique ranking algorithm that rewards top-performing sellers. This lets sellers with optimized product listings, fast shipping and outstanding seller metrics to consistently rank above competitors.

Positive customer ratings can give you an extra edge; buyers may habitually filter search results by average rating. Of course, you can only benefit from positive reviews once you're listed as an official seller.

In this way, marketplaces will reward

"65 percent of consumers feel comfortable purchasing from merchants they've never heard of on marketplaces."

2016 | How online marketplaces have become the shopping mall of the future, DigitalCommerce360

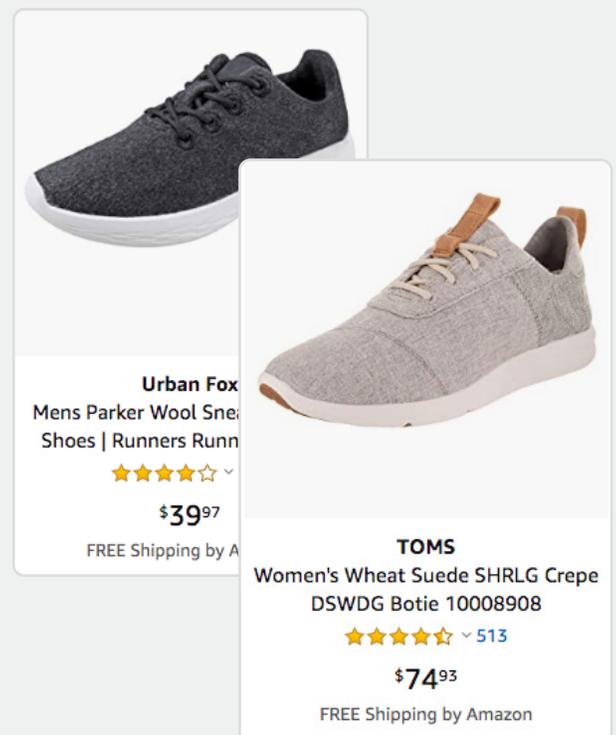
you for providing superior on-site and off-site customer experiences, letting you differentiate your brand on more than just price or logo alone. As more and more buyers are open to conveniently placed alternatives on marketplaces—plus require [an average of six touchpoints before purchase](#)—it's especially important for you to leverage marketplaces to drive brand loyalty.

## Imagine if..

...you were Allbirds. A buyer, Shelley, discovers your brand on Instagram. She clicks to your website and gets excited about the eco-friendly, machine washable sneakers you sell.

Out of curiosity, she ventures to Amazon where she has Prime two-day shipping. She checks to see if your shoes are being sold there. It's not—but she sees other brands selling similar "wool runners" at a better price and with free returns. TOMS even has a slip-on version of the runners. She gets distracted... and your Allbirds fade into a distant memory. Just like that, you lose a sale.

The bottom line: No brand is safe from the threat of readily available alternatives on marketplaces where buyers are incentivized to shop.



**Urban Fox**  
Mens Parker Wool Sneakers | Runners Running Shoes  
★★★★☆  
\$39<sup>97</sup>  
FREE Shipping by Amazon

**TOMS**  
Women's Wheat Suede SHRLG Crepe Sneakers | DSWDG Botie 10008908  
★★★★☆ 513  
\$74<sup>93</sup>  
FREE Shipping by Amazon

# 03

## Increased Brand Control

The inevitable will occur when you're building a big brand: unauthorized resellers and product listings will crop up on marketplaces, potentially leading to poor customer experiences that affect your brand's image. There's little you'll be able to do about them without being on those channels to intervene.

Nike acknowledged this in 2017. The retail giant faced scores of online counterfeits that drove the quality, price and distribution of its own products down. This led to its head-turning decision to launch a pilot deal with Amazon. The number of counterfeiters dropped dramatically (-46%) after Nike's launch, which included a limited assortment of products from its catalog. (While Nike pulled this agreement in 2019, it's important to note that the company was *wholesaling* to Amazon. Amazon thereby gained full control over their products and pricing, ultimately doing them a disservice.)

Even if you're not a Nike, any Joe Schmoie could sell your products under the guise of an approved reseller or boutique. Marketplaces like Amazon and Walmart tend to work on a first-come-first-served basis, so the first person to list a UPC to

a marketplace will enjoy the most freedom in titling, describing and pricing your product. In some cases, people may even list the same product under an incorrect or alternative UPC. Multiple resellers could then piggyback onto that listing.

**Under Armour Men's Sportstyle Left Chest Short Sleeve T-Shirt**  
by Under Armour  
★★★★☆ 404 ratings | 7 answered questions  
Price: \$25.00 + \$4.49 shipping  
Size: X-Large Fit: As expected (79%)  
Color: Aruba Red (651)/Black

★★★★☆ "Item was expected 20th at the latest. I doublechecked by contacting the seller. It was important I could receive it before December because on 21st I would..."  
Read more  
By Aleksandre Akhmeteli on December 26, 2019.

★★★★☆ "My order was canceled without explanation and it was too late to find it somewhere else."  
By Emily Thompson on December 22, 2019.

\$25.00 + \$4.49 shipping  
Get it as soon as Jan. 30 - Feb. 7 if you choose Standard Shipping at checkout.  
Qty: 1  
Add to Cart  
Buy Now  
Ships from and sold by Blu Sky.  
Select delivery location

To make matters worse, most consumers won't take the time to investigate each reseller they buy from. On a highly competitive listing, like the above Under Armour t-shirt, consumers may not even know that they're purchasing from a reseller. They may therefore pin a poor purchase experience on your brand.

By having an official presence on marketplaces, you can better control the fate of your listings and customers. You can author your own listings, report inaccurate product data and/or register as a brand owner (via programs like [Amazon Brand Registry](#) and eBay's Verified Rights Owner program) to retain buy box ownership, block unauthorized resellers and/or seal off editing your ASIN/SKU entirely.

# 04

## Greater Brand Resilience

There's danger in concentration risk. Beyond needing more revenue streams to mitigate a seasonal plateau in sales, you need channels to support your business if, say, a change in the Google algorithm tanks your organic site traffic, or your advertising campaign falls flat on its face.



Smart sellers also know that selling on one marketplace isn't enough. Ecommerce has its share of dirty players, e.g., competitors who may try to sabotage your brand with fake reviews or customers that try to weedle a refund through false complaints. Your seller account could thereby be suspended for reasons that may or may not be your fault.

But channel diversification isn't just about risk prevention. With new channels, you gain low-cost testing grounds for studying local and global market conditions, in addition to specific buyer types, so that you can make better catalog, pricing and/or inventory decisions.

Kellogg's took this approach when unveiling its on-the-go smoothie bowls, Joyböl. Rather than launching to all its main channels, Kellogg's conducted a limited rollout on Amazon Fresh, Walmart and Boxed to get early feedback from target consumers—urban millennials with a habit of “deskfasting.”

A [recent Deloitte study](#) described the advantage of digital outlets beautifully.

“By using digital tools and platforms, brands no longer need to rely on traditional retail and wholesale distribution and sales channels,” Deloitte writes. “[They can connect with customers and] use the data they collect to refine their products and offerings and better meet customers’ needs...And they can do it without making major invest-

ments in infrastructure or establishing vendor agreements with local retailers.”



### Dangers of Concentration Risk in Ecommerce:

- Brand dilution
- Algorithm changes
- Policy changes
- Sabotage
- Overcrowding
- Increased fees
- High barrier to entry
- Account suspension

# Conclusion

## The Great Opportunity

We've reached a point in retail history when marketplaces are defining customer behaviors.

[Fifty-two percent of their product searches](#) now start on Amazon and customers are habitually consulting sites like this before making a purchase, even as they're walking the aisles of their favorite stores.

Content providers like Google and Facebook are simultaneously building up their own ecommerce empires to keep users on their sites for longer. They're amassing huge followings while opening their gates to brands that can satisfy their consumers' needs.

The worst thing you could do is retreat into a corner and wait for buyers to come to you, especially while your competitors are developing their own multichannel strategies. To maximize your growth potential, you must meet your customers where they are and continuously remind them to look at your brand.

## Bonus: Tips for Getting Started

Across every major marketplace, your success depends on your ability to:

- Maintain a low order-defect rate
- Minimize order cancellations
- Optimize your product listings
- Offer competitive prices
- Offer fast, low-cost shipping
- Earn positive customer ratings



Every brand is ranked against these factors. High performers will be richly rewarded while low performers will be given the boot.

In the face of strict seller standards, your greatest advantage is having a single platform to monitor all of your channels and mission-critical workflows, and to provide immediate solutions when something looks amiss. Software can serve as your eyes and ears in a 24/7 ecommerce space. It can eliminate mistakes, prevent overselling and help you adjust to the unique quirks of every marketplace.

[Zentail](#) is a leading ecommerce solution in this regard. It's the only modern, user-friendly solution specifically cre-

ated for teams to manage multichannel listings, pricing, inventory and order flows. Zentail lets you stay in control and define the extent of your multichannel engagement, rather than leaving your fate in the hands of marketplaces or unchecked competitors.

It's our belief that you shouldn't just beat or join marketplaces anymore. You should make multichannel work for you.

After all, great rewards shouldn't come at great costs.

**Let's talk more about getting you multichannel-ready.**

Get in touch with one of our ecommerce experts.

[Let's Talk](#)

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