

# GETTING THE MOST OUT OF AMAZON PRIME DAY 2019

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*Consumer insights for cyber sale success*

adlucent

# THE STATE OF AMAZON AND THE INDUSTRY

Since last year's Amazon Prime Day, the marketplace has continued launching innovative initiatives, pushing the boundaries of retail and encouraging other brands to keep pace. This past year's momentum included raising minimum wage to \$15, making progress in attempts to beat out Etsy with "Amazon Handmade" and eBay by directly recruiting its sellers, eliminating free shipping minimums around the holidays, and acquiring a pharmaceutical company, proving that no competitors are safe from the ecommerce giant. Amazon also expanded Alexa's presence, furthered its brick-and-mortar operations, and made waves across a variety of industries<sup>1</sup>.

One of the most significant moves was the rollout of free one-day shipping for Amazon Prime customers. Reducing default delivery from two days to one day is just part of Amazon's ongoing commitment to faster fulfillment and leadership in shopper convenience and customer satisfaction. Walmart followed suit by offering a selection of their products with one-day shipping, in an example of Amazon setting industry standards during the age of instant gratification in retail.

In the same vein, Amazon Prime Day has grown from an Amazon-specific holiday to an industry-wide phenomenon, making "Christmas in July" a reality for the smart brands who take advantage of the opportunity. And, as shoppers increasingly gravitate towards online shopping, Prime Day and other cyber sales become more lucrative with each passing year.





# AMAZON PRIME DAY 2019

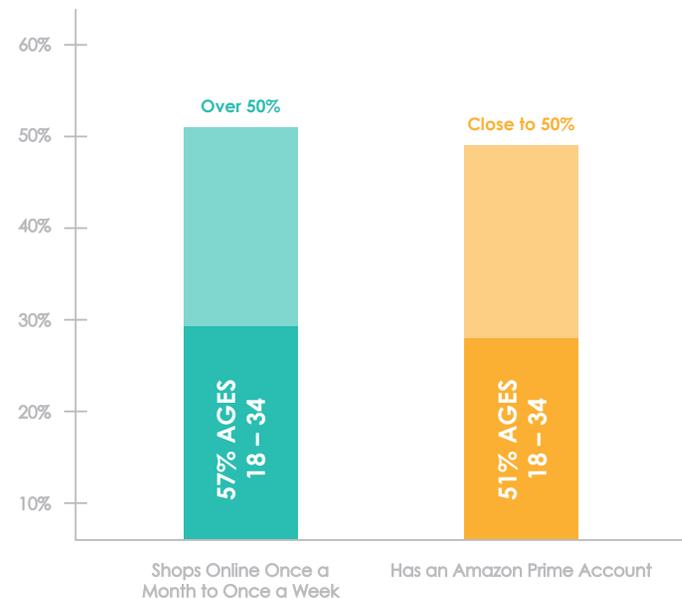
With Amazon Prime Day expected in mid-July 2019, the company continues its annual mega sale – and we anticipate the biggest one yet following Prime’s one-day shipping update. Although Amazon was one of the first to create a sensational cyber holiday of its own, it’s no longer acting alone, as competitors have begun to respond in force. As a result, Prime Day is now a profitable holiday for a variety of brands within the marketplace and beyond.

During the week of Prime Day in 2018, various retailers launched large online sales to combat Amazon, including Walmart, Target, Best Buy, eBay, Macy’s, Nordstrom, Dell, HP, JCPenney, and more. Last year, eBay offered 36 hours of “membership-free” deals, taking a stab at the Prime program, while Target promoted a year of free same-day delivery with purchases of \$100, Walmart slashed prices deeper than on Black Friday, and Best Buy stepped up with savings on a slew of electronics. Wayfair went beyond simply offering select sales to launch its own Amazon-inspired shopping holiday – Wayday, although media reported it was not ostensibly profitable<sup>2</sup>.

Prime Day has consistently grown in popularity, especially among younger consumers, ages 18-34.

Leading up to this year’s Amazon Prime Day, Adlucent surveyed 1,000 U.S. consumers ages 18-64 to gauge their plans and sentiment toward the upcoming mega sale. We’ll begin with some background information:

## AMAZON SHOPPING FREQUENCY & PRIME MEMBERSHIP



Over 50% of survey respondents shop online between once a month and once a week. Of those respondents, 57.1% aged 18-34 shop online between once a month and once a week. Close to 50% (48.7%) of respondents reported they had an Amazon Prime account. Of those respondents, 51.2% were between the young ages of 18-34.



# THE NUMBERS BEHIND PRIME DAY

So, why do consumers choose to shop on Amazon? Here's what the survey respondents had to say:

## TOP REASONS FOR SHOPPING ON AMAZON



1. Lower Prices



2. Free Shipping



3. Fast Shipping

Today's shopper is continuously seeking a more convenient and cost-effective retail experience. Amazon understands consumers through their wealth of data and takes their preferences to heart (and cart!). The marketplace strives for faster fulfillment and affordable prices at every turn, especially for Prime members. These attributes are the cornerstone of Prime Day's appeal – discounted goods, delivered quickly.

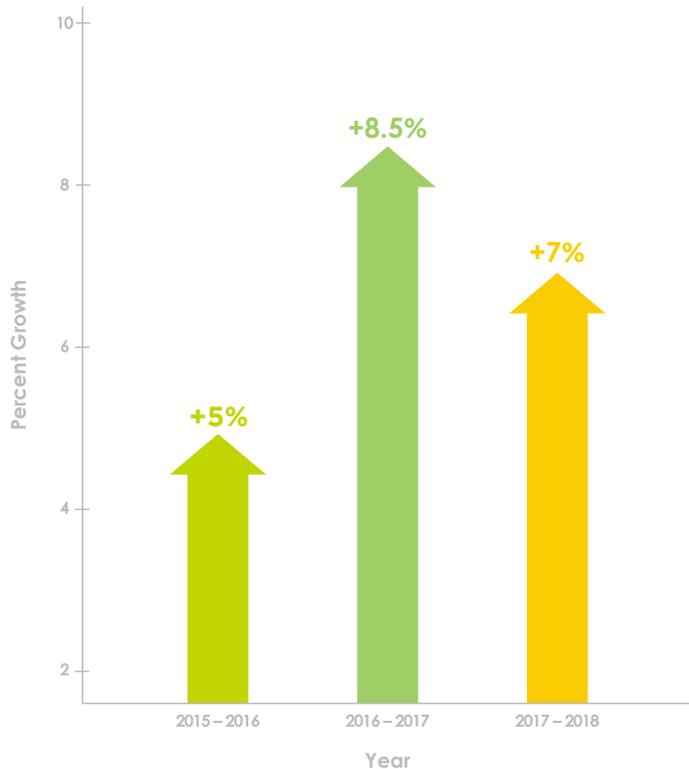


# WILL 2019 BE THE BIGGEST PRIME DAY YET?

From 2015 to 2018, we've seen a 20.5% increase in the number of Amazon Prime Day shoppers with consistent growth each year:

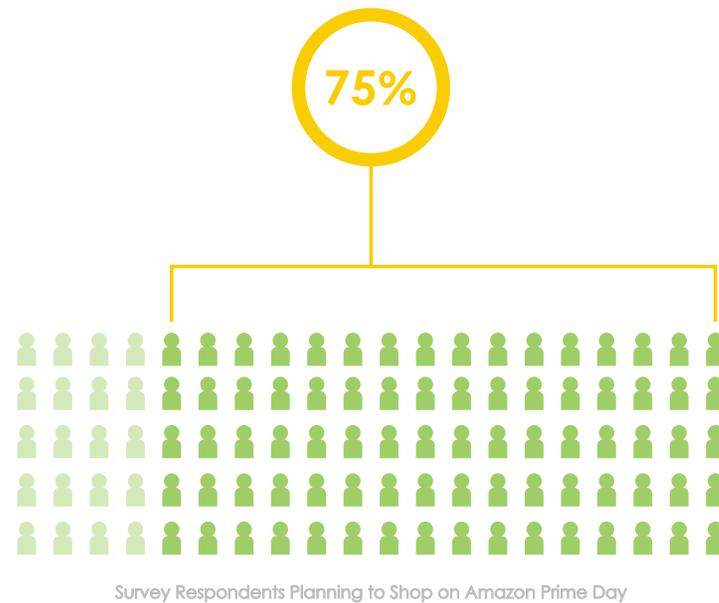
Day as one of the many draws. Based on the numbers, we fully expect this amplification to continue in 2019.

## AMAZON PRIME DAY GROWTH YOY



Prime Day's growth is in line with the ongoing increase in Amazon Prime Members<sup>3</sup> the platform has attracted every year, with Prime

## WHO'S SHOPPING ON AMAZON FOR PRIME DAY



Additionally, Amazon's ongoing initiatives will make shopping with Amazon even more desirable for consumers. Amazon Prime one-day shipping, which has already begun rolling out to Prime customers, will inspire more sales, as 52.4% of respondents shop with Amazon at least in part because of fast shipping.



# CREATING WAVES THROUGHOUT THE INDUSTRY

Prime Day isn't exclusively boosting sales for Amazon. Each year, the holiday creates ripples throughout the industry that other retailers are capitalizing on in creative ways.

## COMPARISON SHOPPING ON PRIME DAY



Of respondents planning to shop on Amazon Prime Day, approximately 68% will be looking outside of Amazon to comparison shop on other sites. This, in addition to the expected growth of Prime Day, leaves plenty of room for retailers to take advantage of the holiday. According to respondents, Walmart (50%) is the biggest competitor on Amazon Prime Day, followed by Target (33%) and Best Buy (32%). And, 31% of Prime Day Shoppers plan to comparison shop beyond these big box ecommerce sites.



# WHAT ARE CONSUMERS SHOPPING FOR?

Top categories, in order, that consumers are after during the 2019 Amazon Prime Day:

## TOP CATEGORIES ON AMAZON PRIME DAY

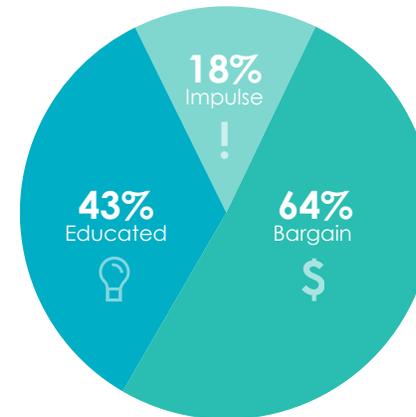


With sales happening across all categories, retailers should take note and prepare their best promotions. Although Prime Day 2018 had a lot of obvious bestsellers like Roombas and Audible accounts, there were also some surprising stars like emergency preparedness water filters<sup>4</sup>. In 2019, it's anyone's game. No matter your category, if you don't prep for Prime Day, it gives your competitors, and Amazon's private labels, a leg up.

Aside from seeking out particular products on sale, people are also shopping for the general thrill of purchasing discounted items.

Respondents consider themselves bargain, educated, and impulse shoppers:

## TYPES OF AMAZON SHOPPERS



**\*Younger respondents are more likely to consider themselves impulse shoppers than older respondents.**

Brands and retailers will be able to cash in on all of these categories of shoppers by offering promotions that will attract bargain shoppers, allow educated shoppers to compare prices and find yours to be the best deal, and let younger consumers take advantage of the limited-time quality of your Prime Day offers to "buy on the fly."



# THE HOLIDAY MINDSET

'Tis the season for shopping sales! Once a time of year is solidified as a consumer holiday for shoppers, people keep their eyes out for the best prices and are conditioned to spend money to save money. Close to 75% of respondents (73.6%) intend to shop for deals during the 2019 holiday shopping season, and Prime Day is getting the bargain hunt heated up early.

Since Prime Day falls right around Back-to-School, it has essentially created a second holiday shopping season for consumers to anticipate. So, brands in relevant Back-to-School categories have the added perk of drawing on this shopper mindset.



Retailers and brands alike can begin observing the retail landscape, including deals and buyer tendencies, in preparation for the year's biggest purchasing season.



# HOW TO TAKE ADVANTAGE OF PRIME DAY

If you're a seller on Amazon and considering whether or not to participate in future Prime Days, the answer is an easy "yes." Why? It's a great opportunity to make the most of the quadrupled traffic that the day drives, as well as the higher sales in the days following. Prime Day helps get more eyes on new listings and boost sales on your bestsellers. A solid performance on Prime Day can also help to increase your sales ranking and organic presence in the marketplace long-term.

## PRIME DAY DEALS STRATEGY

Lightning Deals are the most prominent aspect of Amazon Prime Day. These are the deals that are promoted on the main page for hours at a time. Sellers must apply and be accepted in order to qualify for Lightning Deals on their products. This year, the deals were due on May 10th, and inventory levels need to be fully stocked by July 1st. If you missed out on them this year, you can start planning early for Prime Day 2020!

Some best practices to follow for your promotional strategy are withholding sales coupons on products that are a part of a Lightning Deal and offering sales prices and coupons on products that didn't qualify for or are otherwise not included in Lightning Deals. If you won't be doing Lightning Deals this Prime Day, run coupons or promotions and provide sale prices on your listings instead. Offers you can create on Amazon include Buy-One-Get-One-Free, a percentage off, or a dollar amount off a product. To prepare, test a variety of discounts to see what type of promotion will be most effective. As noted, 64% of respondents reported they are bargain shoppers and the same percentage shop on Amazon primarily for lower prices.

The best promotions offer deep enough discounts that customers do feel like they are getting a bargain and a good price, which keeps them converting on your listings rather than comparing with competitors.





# HOW TO TAKE ADVANTAGE OF PRIME DAY

## MAKE YOUR DEALS STAND OUT

How will your offers cut through the noise? A compelling Prime Day offer includes discounts on product listings that are optimized. It will vary by product, but a good "percent discount" starting point tends to be around 25-40% off. This provides enough of a price cut to attract customers without ruining margins or degrading brand perception. For your listings, use historical data to identify last year's top products and keywords from Prime Day, along with insights from the holiday season. Let your past successes – and failures – inform the products and offers you highlight so you're in the best position to increase conversions.

Drive traffic and support your deals by promoting them on your social sites that day. Amazon even allows you to add promo codes to your social ads that will be directly applied to your product listings. Bidding on PPC keywords related to Amazon Prime Day will be too expensive, so taking advantage of social media is the most cost-effective option.

Review your product listings to make sure all your bases are covered before Prime Day launches. For example, make sure all high-traffic keywords are represented in your titles and five quality bullet points. Ensure you have high-quality, ideally zoomable images, and create Enhanced Brand Content for your top products.

## LET'S TALK LOGISTICS

Plan your inventory well ahead of Amazon Prime Day. If you go out of stock on the big day, your sales and advertisements on Amazon will automatically stop showing, which will result in a lot of lost revenue potential, not to mention easy wins for your competitors.

Double your normal lead time for product delivery to Amazon warehouses for Amazon Prime Day (early is on-time in this case). Send product deliveries at least three weeks ahead of Prime Day since high volume will often delay Amazon's receiving timeline.



# HOW TO TAKE ADVANTAGE OF PRIME DAY

## BUDGET ALLOCATIONS

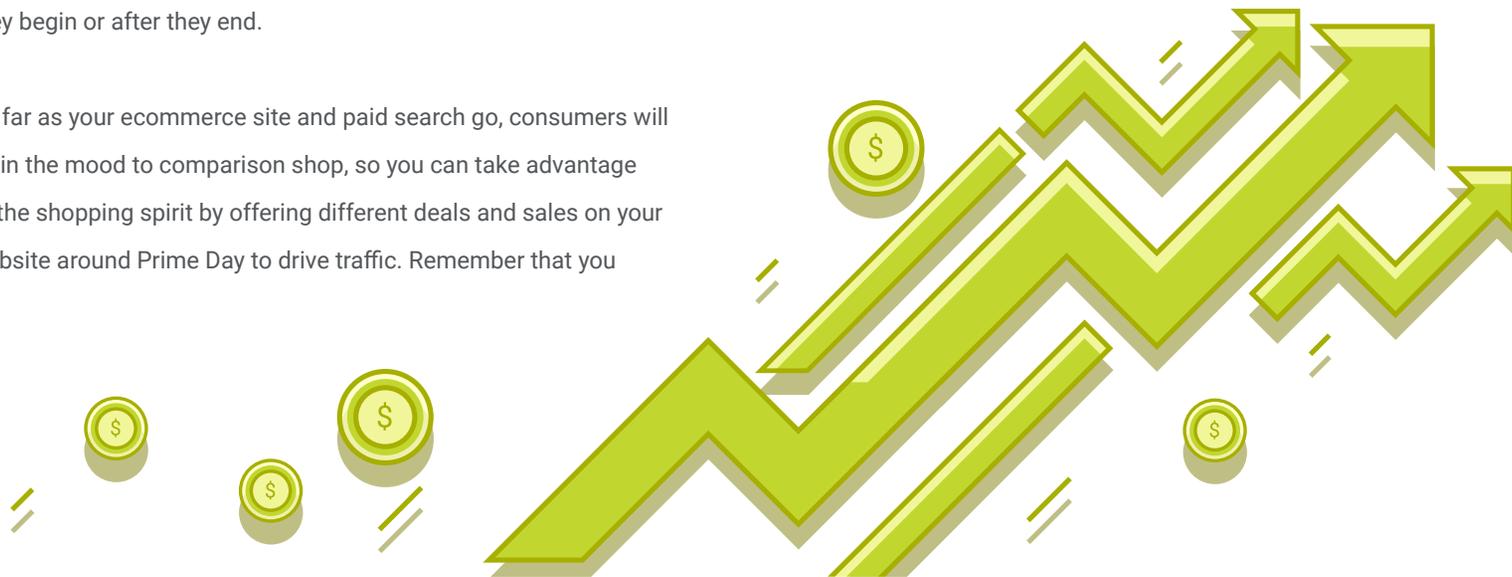
During the week of Prime Day, expect to use at least 50% of your normal monthly budget. Budget allocation should be similar to Cyber Monday or Black Friday to take on the major boost in traffic. In the afterglow of Prime Day, expect higher-than-usual traffic during the last two weeks of July, and allocate accordingly to keep up the momentum you built on Prime Day.

Increase your social media budgets to drive traffic to your Amazon sales on Prime Day and the days that your items remain on sale. Be sure not to waste any ad spend promoting your sales before they begin or after they end.

As far as your ecommerce site and paid search go, consumers will be in the mood to comparison shop, so you can take advantage of the shopping spirit by offering different deals and sales on your website around Prime Day to drive traffic. Remember that you

can't drop prices below your Amazon listings' or you run the risk of having your products delisted.

Using your ad extensions on Shopping Ads will help show off which specials you are offering. But, it may only be worthwhile to spend money on paid search if you are not selling on Amazon; otherwise, it could be too expensive to compete with the Prime Day keywords.





# THE CHALLENGES OF PRIME DAY

Last year, Amazon threw a few curveballs at brands. First, Amazon suddenly launched Prime Day at 3 pm ET the day of the sale and extended it to the next day. Make sure you have advertising budget allocated for the day before and the days after Prime Day since no one knows the exact launch time.

In 2018, Amazon changed where the promotions were found on the product page on Prime Day in order to promote their Amazon credit card, so people didn't see them as easily. To get deals back in the spotlight if this happens again, retailers can cancel promotions and replace them with coupons or lower prices on product listings, which instantly impacts conversions.

Worst of all, the Amazon site crashed at the beginning of Prime Day last year, sending sellers and customers alike into a frenzy<sup>6</sup>. If history repeats itself, you'll want to be certain you have everything running correctly in case you can't access your seller account. Amazon's data lag is usually 1-7 days, but expect it to be even longer during this time period. Brands can do their best by striving to be as agile as possible.





# REAL WORLD PRIME DAY SUCCESSES

Using the tactics outlined in this paper, along with Industry insights correlating with Adlucent's consumer study, the Adlucent team was able to lead clients to a profitable Prime Day in 2018 and is ready to guide them through another year of amazing Amazon success.

Last year, an Adlucent client that manufactures air purifiers saw an 80% increase in Prime Day revenue YoY between Seller and Vendor Central. An Adlucent client that offers woodworking tools benefited from a 57% lift in revenue YoY on Prime Day.



As Prime Day continues to grow in popularity, and more Americans become Prime members every day, this mega sale will continue to mirror the holiday shopping season. Now, having a strong strategy in place to navigate the Back-to-School season is becoming more important than ever before.

# EXECUTIVE SUMMARY

## Amazon Prime Day 2019

With over 100 Million U.S. Amazon Prime subscribers, Prime Day 2019 is shaping up to be the most lucrative sale event the marketplace has seen to date. Following the recent release of Prime one-day shipping, consumers are ready to save big on products that ship fast. Adlucent surveyed 1,000 U.S.-based online shoppers to see what they expect for the big day. Some highlights we found: 75% plan to do Amazon Prime Day shopping, 62% prioritize low prices, and 68% have plans to comparison shop. The #1 category Prime Day consumers are after is Electronics, with 55% of Back-to-School shoppers looking to Amazon for their supplies. In this guide, we go over how to take advantage of these insights and more for your brand to achieve ultimate Prime Day success.

### II. THE STATE OF AMAZON AND THE INDUSTRY

- Amazon has continued to innovate year after year
- One of the biggest changes in the last year was the launch of Prime one-day shipping
- Amazon Prime Day has affected the entire industry, creating an ecommerce “Christmas in July”

### III. AMAZON PRIME DAY 2019

- Prime Day is profitable for brands within and beyond the marketplace
- Brands and retailers launch large sales to take advantage of the shopping mindset
- Prime Day has continued to grow each year
- 2019 is expected to be the biggest Prime Day to date

### IV. THE NUMBERS BEHIND PRIME DAY

- The majority of consumers are searching for lower prices
- Over half of shoppers value free & fast shipping in their decision to partake
- Today’s savvy shoppers want more convenience and cost-effectiveness

### V. WILL 2019 BE THE BIGGEST PRIME DAY YET?

- Every year, more shoppers show up for Prime Day
- 75% of survey respondents plan to participate
- One-day shipping is poised to influence the holiday’s steady growth

### VI. CREATING WAVES THROUGHOUT THE INDUSTRY

- Amazon Prime Day influences sales outside of Amazon
- 68% of shoppers have plans to compare prices on other sites
- Brands and retailers can take advantage of the shopping spirit

### VII. WHAT ARE CONSUMERS SHOPPING FOR?

- Electronics continues to reign as the most popular category on Prime Day
- Prime Day in past years has had some unexpected bestsellers
- Most consumers consider themselves bargain shoppers, hunting for the best available deals

### VIII. THE HOLIDAY MINDSET

- Nearly 75% of shoppers plan to find deals for holiday shopping, and Prime Day gets things started early
- Amazon Prime Day has inspired its own ecommerce holiday shopping season
- Over half of consumers plan to do their Back-to-School shopping on Amazon

### IX-XI. HOW TO TAKE ADVANTAGE OF PRIME DAY

- Establish a Prime Day deals strategy
- Ensure deals stand out and cut through the noise
- Plan inventory ahead of time
- Allocate ample budget for success

### XII. THE CHALLENGES OF PRIME DAY

- Prepare for curveballs from Amazon
- Strategically balance deals and promotions with coupons and price cuts
- Anticipate Amazon data lags

### XIII. REAL WORLD PRIME DAY SUCCESSES

- Adlucent clients enjoyed a profitable Prime Day in 2018
- One client saw an 80% increase in Prime Day revenue YoY
- Another client achieved a 57% lift in revenue YoY on Prime Day

*The team is looking forward to continued success on Amazon!*

# ABOUT ADLUCENT

Adlucent is a marketing technology and analytics agency based in Austin, Texas. Leveraging its proprietary Deep Search™ bid management, digital, and retail analytics platform, Adlucent's experts help brands acquire new customers and grow revenue efficiently through digital marketing.

## WORKS CITED

- <sup>1</sup> [Everything Amazon did in 2018 that you might have missed](#)
- <sup>2</sup> [12 stores that are having competing sales to keep up with the increasing pressure of Prime Day](#)
- <sup>3</sup> [Number of Amazon Prime members in the United States as of December 2018 \(in millions\)](#)
- <sup>4</sup> [The 30 most popular products from last year's Amazon Prime Day – including the ones that surprised us](#)
- <sup>5</sup> [Amazon's website crashed as soon as Prime Day began](#)