

Local marketers should consider a global Amazon marketplace strategy sooner rather than later

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Amazon raked in a substantial \$31bn in ad revenue last year and, while this may account for a relatively small portion of the tech giant's overall earnings, its ad business is one of its fastest growing divisions. For local CMOs looking to take their products global, Amazon must be an essential part of their digital strategy. And even those focussed only on domestic markets, there are action items that need to be considered in the mid-term, advises global digital marketing specialist, Incubeta.



Tim van der Bilt, CEO of Incubeta Maze-One

“Most people were already dabbling with online shopping, but Covid put that growth trajectory in a pressure cooker, with Amazon accounting for the largest growth. In just 18 months, Amazon has become the number one global sales channel for one of our enterprise clients. It’s become clear for many brands that this is the platform where their customers are shopping and it makes sense for them to invest in the platform,” explains Tim van der Bilt, founder and CEO of Incubeta Maze-One, a full-service marketplace management specialist.

Amazon well placed for the new privacy-first age

The majority of Amazon’s ad revenue comes from the same PPC model as Google Search. The company also has a DSP (demand side platform) model which allows advertisers to programmatically buy display, video and audio ads.

Amazon fuels its DSP ads with its platform data to help advertisers reach new and existing audiences both on and off the platform. The data from across all Amazon’s products including its retail website, Twitch, IMDb and Amazon Prime all form part of the data sets that advertisers can tap into.

“Amazon is well positioned for the death of the third-party cookie as every customer has a single account across all their products. They know who you are, where you live, what you buy, what you watch and what you are interested in, and it’s all

first-party data. They own the entire ecosystem. It's similar to the Google model but with Google, a consumer would click out to another website, while Amazon keeps you in their own vast e-commerce world," van der Bilt explains.

South African CMOs should be sitting up and taking notice

The multinational set up its Amazon Web Services (AWS) offices in Cape Town back in 2004, but has yet to act on expanding its African e-commerce footprint.

"Internationally, many consumers have an Amazon Prime account which bundles all the platform services giving them free same day delivery on anything bought on the Amazon Marketplace. This makes it a no-brainer for consumers to choose this as their preferred e-commerce site. However, in South Africa at the moment, only certain products are eligible for shipping to the country, and last mile fulfilment relies on the SA Post Office. This has had an unfortunate consequence of diminishing the local consumer support for the company," explains Roan Mackintosh, Incubeta MD, Middle East and Africa.

While Amazon lags in its local offering and the future of its new Cape Town operations remain uncertain, Mackintosh says local companies should not dismiss the opportunity. However, for local companies hoping to break into international markets, getting to grips with the marketplace becomes far more urgent.

"With one account and one backend integration, you can sell your products across the globe. South African CMOs who have a global expansion mandate, properly understanding how the Amazon marketplace works and what the potential upside could be is vital," says van der Bilt.

He goes on to advise that one aspect that will need close attention is a company's content strategy, saying that if a brand has not properly invested in their images, product descriptions and all the rich media associated with their product, they are wasting their time and money.

It's not nearly as painful as you might think

Van der Bilt says if South African companies have products they want to sell and distribute globally they should not feel overwhelmed.

"When we onboard a new client we would set up an Amazon account in all EU markets and the US, build relevant product content in seven languages, ship the product to one central fulfilment centre and then distribute it globally from there. Our work with enterprise clients around the world has shown us the efficacy of Amazon. With the right content and the right partners you can easily take advantage of the biggest digital marketplace in the world," he says.

Wrapping up, Mackintosh says he is advising local CMOs to keep a keen eye on Amazon and to assign some of their innovation budget to a marketplace strategy, advising them that they must also revise their content strategy as part of this. However, if they are selling products internationally, they should certainly take stock of their current e-commerce strategy to include Amazon.

About Incubeta Maze-One

[Incubeta Maze-One](#), which was acquired by Incubeta in September 2021, has offices in the EU as well as the UK. It works closely with clients to ensure their brands build sustainable, profitable relationships with Amazon and other marketplaces.

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