Episode 37: eCommerce: How to Define Success, Where to Play, and Ways to Win

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Keith Anderson: Hello, and welcome to another episode of the Profitero podcast. I'm Keith Anderson of Profitero, and we're sitting here on what we thought was going to be a sleepy Friday afternoon. It's June 16th, but the news has just broken that Amazon is buying Whole Foods for more than 13 billion dollars. That's actually not the focus of today's episode. We will come back to that topic very soon, but today my guest is Sabir Semerkant, SVP of e-commerce for VaynerMedia.

VaynerMedia was founded by Gary Vaynerchuk, who you may know. Gary is an entrepreneur who built just an incredible brand and business, starting in the wine industry, now running an agency that focuses on social and digital marketing. Sabir is a really experienced guy who spent most of his career as a practitioner, actually helping a lot of big brands and merchants establish and really scale their eCommerce business, now acting as a partner on the agency side, over at Vayner, so we cover a lot of ground, starting with how to think about the e-commerce landscape and defining what e-commerce actually is. Therefore, how you define success, where to play, and especially how to win by optimizing some of the fundamentals and some of the more advanced vehicles at your disposal, not just at Amazon, but we certainly go deep on Amazon.

We will touch briefly on what this Amazon/Whole Foods deal means, but, like I say, stay tuned because there will be much more to come there. Let's hear now from Sabir Semerkant.

Well, today, I'm really excited to welcome Sabir Semerkant, SVP of e-commerce for VaynerMedia. Sabir, welcome.

Sabir Semerkant: Thank you for having me, Keith.

Keith Anderson: Happy Friday. It's certainly an eventful Friday. We're recording this the day that Walmart announces the acquisition of Banobos, or Bonobos, and Amazon just announced they're acquiring Whole Foods, so we'll come back to some of that breaking news in a few minutes. Just as we always do, it would be great for you to tell our audience a bit about who you are, what you do, and some of your past experience.

Sabir Semerkant: Definitely, thank you, Keith. I have been in the e-commerce field for 15 plus years, literally from the beginning of e-commerce, having helped quite a lot of brands, whether they had their e-com, or they had tested with e-com, to start owning it and grow it. Over this 15-year period, I have grown quite a lot of brands, whether it was 2X over my time, to 10X over my time, for well-known brands out there. Some of the brands I've been part of, in my history, are Vitamin Shoppe, Ashley Stewart, Puritan's Pride, and some other brands that I helped launch their e-com were Tommy Hilfiger and Perry Ellis in my past.

I've been in the field for a long time. Even with ... For example, with Amazon, while I was running Vitamin Shoppe ... This is back when Amazon was just a bookstore, and they wanted to get into other verticals, so I helped Amazon, while I was at vitamin Shoppe, to launch their health and personal care category, thanks to owning Vitamin Shoppe at that time. Then, later on, when Amazon wanted to get into fashion, while at Ashley Stewart, helped them launch Amazon fashion by promoting plus-size fashion from Ashley Stewart, and happy to be here.

Keith Anderson: Got it. Yeah, so you've got, obviously, a lot of depth within e-commerce, but even diversity within that segment of the retail industry. You've been on the retail side in both high-frequency consumable categories and high-margin discretionary categories, and you've been both an operator and now a partner. Can you talk a little bit about what you're doing currently with Vayner?

Sabir Semerkant: Sure, so an opportunity came up to partner up with Gary Vaynerchuk, who is really well-known in the digital social space, social media, and so on. His agency, VaynerMedia, wanted to add on e-commerce and provide that service to its clients because when a media is being run, you want to look at that last mile and see how conversion happened, and how it ... In order to properly calculate ROAS and actually optimize that ROAS, return on advertising spent.

In that time ... This would be my very first time getting into an agency. I've always been a practitioner and always have been running brands myself, so this was an exciting opportunity to apply my practitioner background to a lot of different brands from all different sorts of portfolios, from humongous conglomerates like ABI and Mondelez, to much smaller brands that only exist on Amazon, for example, and they have a small D2C side. 2016 was our first year, and we delivered a lot of value to those clients, and they continue being clients with us, e-com clients and media clients with the company, and it's exciting. It's also ... It's interesting, from a career standpoint, to be growing a service aspect kind of a company, not a consumer goods type of a company.

Keith Anderson: Yeah, yeah. I almost made the reverse. I was in a service business, consulting, and joined a product company, so I can totally appreciate the interest in a new and different challenge.

Sabir Semerkant: It's challenging, right? There's a lot of things that you do, running an e-com company or a business. My role always tends to be the title, whether it's director of e-com, or VP of e-com, or SVP of e-com ... It's such a vague title. At the end of the day, you're doing so many different things. It's not like VP of marketing, where you're doing marketing, or VP of merchandising, where you're doing merchandising. A VP of e-commerce has to be a marketer, a merchandiser, a data analyst, a person who understands operations and understands all of the cadences to understand supply chain. You need to have a more collaborative, hybrid type of mindset in order to succeed in this kind of role, and then bringing that to inner media clients, where they come from all walks of life of, "We would like to do e-commerce," to "We have been doing e-commerce, but it's not growing now, and the growth is stunted, and can you help us?" Solving those problems always excited me.

At my core, and heart of hearts, I'm an engineer. Solving problems is very exciting to me.

Keith Anderson: It makes a ton of sense. Well, I think it would be really helpful to hear a little bit about how you view this increasingly dynamic landscape. When we were speaking previously, I thought you had an interesting approach to segmenting the landscape, especially from a brands perspective. Can you talk a bit about how you view the world?

Sabir Semerkant: Yep, definitely. When brands come to us, what we do is, the way we look at e-commerce, we have to define what e-commerce is. For a lot of companies, they don't ... they look at, for example ... I'll give you an example. We came across quite a few brands that look at Amazon as a sales channel. Amazon is more than a sales channel. The brands that succeed on Amazon have to view Amazon for what Amazon is, and not treat it like, "Oh, it's similar to Walmart, Costco, and BJ's." It's not that.

If you look at 2016 sales of Amazon versus, let's say, Walmart, being the closest one, they're more like 10X or 12X more than Walmart. There are things that Amazon is doing that's very different than Walmart is, so you have to respect it from that perspective. When we define e-commerce, what we do is, we look at Amazon as a silo by itself, and you need to really maximize and optimize the

Amazon presence and Amazon platform, and that's a very loaded thing, and we can go into detail on that next.

Then, the second bucket is pure plays. Pure plays are, if you're in the CPG business, pure plays would be like box.com and jet.com. If you're in consumer electronics, it would be newegg.com. What are the things you're doing for those platforms? The way they run are different than Amazon. They're different than any other channels that you have.

The third bucket would be what I call retailer dot-com. Retailer dot-com is, don't treat Walmart like just Walmart. Walmart stores are very different than walmart.com. How can you maximize your presence on walmart.com, CVS.com, target.com, bestbuy.com, vitaminshoppe.com, depending on the product category you're in. How do you optimize that? There's a lot of learning you could borrow from the Amazon optimization that you do, or the Amazon build that you do, over to retailer dot-com, but also, there are specific things you would do that are special to that retailer, like in-store pickup, for example, with Walmart and walmart.com. That's interesting, so how do you leverage that to actually maximize your sales there?

Then, the fourth bucket is what I call D2C. This D2C acronym, you've heard it before. I have redefined it. D2C stands for direct to customer. Depending on the kind of a business you're in, that D2C could mean direct to consumer, or it could mean direct to, like business to business, like a B2B type of customer, so it all depends on ... Those are your own properties. There are things you're doing there that you're not going to be doing in the other silos that I just described.

For example, if you have affiliate channel ... If you're doing comparison shopping, for example, those are things that are ... Activities and channels, or subchannels, are very specific to D2C and email marketing, for example, is very specific to D2C. That's not true about the other channels I just described to you that are ... You can also ... From a wholistic standpoint, 360 degrees, you should be looking at this whole thing as your e-commerce ecosystem. Within it, you have to think about how this digital influence, one part of it being digital influence, e-commerce sales across the board, and one helps the other.

How does connective commerce influence your sales across the board? What do I mean by connected commerce? Fifty-five percent of searches, product searches, start on Amazon. It doesn't matter where you're buying that product. You could be standing in an aisle at CVS or at Best Buy, looking at this piece of electronics, or you're looking at some sort of vitamins, or some sort of pills, or whatever, at CVS. You have questions. You don't know which one to go with. Most consumers are going to Amazon to look at information and they're looking for that supplement facts, or they're looking for, "Does this thing have Bluetooth version whatever for this electronics product?" They're looking for that on Amazon. They're not looking for it on Google. Fifty-five percent of those searches start on Amazon.

Imagine being a brand, and you're not optimized on Amazon. You don't have enhanced content. You don't have ... Your searchability is not so high on Amazon, so you're not really leveraging that platform. When you're not leveraging and respecting that platform well, you're losing sales across the board. You're losing it in retail shelves, you're losing it on other channels, and reviews, and things of that nature on Amazon, play a huge role into building that extra perspective that the consumer is looking for, whether it's negative or positive. They're looking for that. If you have 50 reviews, and you're wondering how come your sales are suffering across the board, that 50 needs to be 5,000 maybe for your product category, and you need to be doing that.

Keith Anderson: Makes a ton of sense. There's a lot to unpack in what you said, and you mentioned a couple, really specific, areas that impact performance, reviews and search. From a brands point of view, I think one of the things we hear all of the time, and we've invested a lot in, in helping brands, first, understand all of the possibilities, but much more importantly, prioritize among them based on their definition of success. I loved what you said about a more wholistic appreciation of Amazon and, candidly, other retailers' digital shelves as more than just a sales channel or a distribution channel, but how do you think about the approach to optimizing your presence and your commercial performance with a platform like Amazon?

Sabir Semerkant: Actually, within that question is a typically ... We hear that question quite a lot. It usually is followed up with, "Amazon doesn't share data." Amazon shares tons of data. The fact is, you have to look where that data is. As a consumer, when I go to a product detail page, when I look at it from my lens, I see a tremendous amount of data that's available to me when I'm reviewing a product detail page. For instance, I know about product pricing across sellers within a product. I know competitive products, and I know what their pricing is. That's a tremendous amount of research. I know what is the consumer purchase sentiment about a product and my competitive products by looking at all of the reviews. There are pieces of software that will allow you to actually download all of those reviews and create a word cloud, and things of that nature. There are plenty of them out there you could do word cloud with. You could do that.

It tells me, from a ratings perspective, whether it's 3.5 stars with 50 reviews, or it's 4 stars with 5,000 reviews. That's a tremendous amount of information. I know, from a searchability standpoint, if I'm searching within a product category, not brand name ... For example, I'm looking for gummy candy, for example. I'm not looking for a specific brand, how do you surface up as a brand, and which brand surfaces up organically when I'm searching for that, and, when I'm looking at paid search, like when there are sponsored products, and so on, there's a tremendous amount of data there.

I know who is going after my brand name, if I'm typing in my brand name on Amazon, for example, and so on, and so forth. There's a lot of ... Who is doing enhanced content, and how is their sales rank? There is always sales rank when you look product information, the product detail section of a product detail page. It tells me a sales rank within the top category, and it tells me even broken down to the specific category that this product belongs to. That's giving me a lot of information, and it's giving me ... If I look at retail sales, that retail sales is not going to tell me exactly down to that detail how my product is doing against everything else. It's going to tell me about product category level, and it depends on the retail partner that's sharing the data with me, to understand that context, but typically, best case scenario, you will be getting data from that retail partner about your product and that's it. That's all you're doing in that little box, not the perspective of how you live in that shelf across the competition and how you are performing at that level, because that's a lot of competitive intelligence that's near and dear and controlling for retailers.

On Amazon, I'm getting a lot of that. That's before I even sign in to ... That's a consumer view. Before I even sign in to Vendor Central, or Vendor Express, or Seller Central, which, from there, it's giving me even more information. It's a freaking gold mine. I apologize for cursing, but it's a gold mine that when I get into retail premium or retail basic, that's giving me a gold mine of information. It's all in front of me. When I see that, that's why I've been able to take companies and product, and grow them.

Even in 2016, working at VaynerMedia, with the brands that we deal with, we have seen, on Amazon, a growth of a minimum of 3X or 4X, all of the way up to 15X, 20X growth on Amazon sales rank. We also, because they gave us more access to data, we saw how the purchase order increased. We saw how the sell-through increased on the consumer side of it, and it's just ... You should know how to utilize the data in order to really leverage it for your benefit, to turn it into sales.

Keith Anderson: Well, first, for anybody who is familiar with Gary Vaynerchuk, I almost laughed when you apologized for cursing, when you said, "freaking."

Sabir Semerkant: I was being very polite with the word.

Keith Anderson: Incredibly polite.

Sabir Semerkant: I usually get very animated, more than that.

Keith Anderson: Well, listen, there's no censors on podcast, but ... I think, we obviously, as an analytics company with a lot of capabilities in areas that you talked about, I agree entirely with essentially everything you've said. There is an abundance of data available. There's all kinds of compelling ways to use it, to make better decisions, and take more effective action. I think, what we commonly encounter, and I imagine you equally or more so, as an agency, encounter is there's too much. It's very challenging for brands to know what to do and where to start, or where to focus. Even if they do, how to be as efficient and effective as they can be. If you don't mind, maybe from two angles, both your clients or brands independent of agency support, and then, secondly, with agency support, how do you see companies organizing to execute around all of this abundant data and some of these analytics? Is it essential to have an agency? Is it nice to have, and what are some of the leading practices you've seen?

Sabir Semerkant: Let's remove the word "agency". Let's call them subject matter expertise. It could be a person you hired on your team, whether you hired them full-time, or you hired a consultant, or you brought in an agency to the table. The good thing about the agency aspect of it is that you're not getting one or two subject matter experts, you're getting 700. That's definitely ... Also, not within that one specific vertical. You're getting cross-product categories expertise. What works in vitamins may actually work really well in fashion, and bringing that knowledge. You can only bring it if you have that mix of people, but having access to the data, you have to understand too much data is a problem also. It's too much information. You want the right level of information, and understanding what are your KPIs. Reverse engineering what success looks like, say on a platform like Amazon or Walmart, because, like I said, a lot of that information is available publicly.

What is working for your competition that you're not doing? If your competition puts up video, and they're describing their product really well ... This is not specific quantitative. This is more qualitative now. They're doing video. You're not doing a video. They're explaining their product so well that people understand how to use it, how to maintain it, how to clean it, all of that stuff, how to use it in a recipe. They're telling their story. You're not. If you wonder why they're in the top 20 in that product category, and you're not, how about you create a product video that explains your product better. I would bet money on this that your product ... You're probably ... The reviews, you're ignoring it.

People are saying, "How do I use this?" "Does this work with this thing?" "Does this tablet, Android tablet, work with Android Nugget, or is it Marshmallow?" You're not answering those things. You're not doing the reviews. Your competition is selling better, and they're explaining, not only how to use the current one, but also how to upgrade to the next OS from Android. Those are the kinds of things, from a qualitative standpoint, when you're collecting those data points, those are not tabular Excel spreadsheets that you're doing, or Google sheets. Those are like ... you're looking at it, and you're seeing that these are the things, these are the elements I'm missing that's successful for my competition and my category. I need to do some of those things myself, not that I have a bigger media budget, and I'm going to push it into this product to sell more. You need to do that after you clean up your foundation, and build your foundation properly, and do all of the things like ...

If your product attributes are not set up properly, and you're wondering that people filter down on Amazon search, and your product disappears. Well, you did not put the attribute in there. That's why Amazon is actually voting you out, because you don't belong in that filtered result. Things of that nature, you really need to get good at. Let's do that, optimize at that level. Then, above that, now let's go in and see how we can do other things. Amazon is so data driven. E-commerce, in its entirety, is so data driven, if your operations are not up to par, your D2C business is going to suffer because consumers are going to complain that they placed their order on Black Friday, and they got their package four weeks later, or you canceled on them, and there's a lot of anger. Why? Because Amazon delivers it to you in two days, and that's their reference point. You said that standard shipping is five to seven business days. That's very typical on D2C sites. You just broke that promise.

Understanding how to manage data related to your operations so that end-to-end, from when that start, or the awareness starts, with your brand.com, or Amazon.com, and your people are doing their search and finding you, all of the way up to delivering that product and post-delivery, getting their feedback on how your doing. All of that matters, end-to-end, right?

Keith Anderson: Absolutely.

Sabir Semerkant: You have to be right. Across the board, you have to be right. If you're not right, anywhere in there, it doesn't matter how beautiful your Amazon page looks, if the product breaks down when the consumer gets it, it doesn't matter if it was Prime. They got it. They got it in two days, or it was free one day. They got it within a couple of hours because it was Prime Now, but as soon as they open the package, it was a bad experience, then the brand is going to suffer. You're not going to get great reviews. Actually, those people will be so angry to go back to actually post a negative review of your product, so end-to-end, it matters.

Keith Anderson: It makes a ton of sense. You mentioned something earlier, Sabir, that I want to come back to, which is this notion of return on ad spend. As I listen to you, I think, to your point earlier, a lot of these fundamentals are not necessarily directly associated with spend. You don't budget for them on a campaign basis. There are things just like basic item detail and item content hygiene, and fundamentals like that. Then, there obviously are some increasingly important marketing and media vehicles that really are managed on a campaign basis and where that success metric of return on ad spend is critical. Can you talk a bit about some of those vehicles? Which, among them, do you think are most essential, and any leading approaches for maximizing return on ad spend?

Sabir Semerkant: Sure. The reason I tackled the foundational stuff is so important because whether you're looking at your D2C side and Google search is delivering that traffic to you through paid search or organic search, and people are showing up to your site, Googles algorithm is penalizing you if your site is not mobile optimized, if you pop up too many things, if the site speed is not there. If you're not going to get the foundations right, it's not that you're doing it as a nice to have, Google is going to end up penalizing you and not giving you that. Then, your exit rate is going to go up. People are not going to wait too long on their mobile phone because it's taking 10 seconds. They're expecting you to deliver the page within two seconds, given connections speeds, and so on, and so forth.

It's so important to have the foundations right. Once you do, then, on top of it, it matters now. Now you're putting money into paid search, as an example. Now, when people show up to your site, the pages load up within two seconds, your landing pages are optimized, and I'm sure that you can do A/B testing, and Google analytics, and other types of products like that to measure how your page is loading and what's the bounce rate on that page, and how traffic is coming to you, whether it's from paid search, or social, or organic, and affiliate marketing, and so on, and so forth, first-click, last-click attribution, and so on, but, at the end of the day, people are landing on a page.

You really need to make sure that page is so optimized. Then, from there, how can I turn it into an add to cart. Next thing, your checkout process needs to be as seamless as possible. I've come across sites that take 11 steps to checkout. There's no reason behind that. Why ... When I go to give blood, they just prick me, and blood is drawn out. It's two steps. Why are you taking me through 11 steps with checkout, and I'm giving you money? Why can't it be click and a half, or two pages? That should be as easy. Amazon has already figured it out, and other people have optimized it. If you cannot figure it out on your own, copy it.

That's one part of it. That's why the foundation aspect of it, I emphasize it so much that you need to get that right. It's going to college, and you have prerequisites to take, 101 course, and 103 course, and 105, before you can jump to 201 or 301, so why is it in business, you're jumping to 701 and 901, graduate level courses, and you want to do fancy things, and you don't have your 101 courses, prerequisites, done yet. That's why it's so important. When it comes to ... Over to the other end of it, when it comes to ROAS with Amazon, for example, again, the foundation, A+ content, enhanced content. There's a tremendous amount of organic traffic and organic search on Amazon, more so than Google or Facebook, that exists today and that you should be leveraging. If you're not leveraging it, then you're overspending on your media. You should be optimizing as much as possible, and you should be able to drive certain baseline and your sales rank for your product on Amazon. Once you do that, then start spending the money on top of it. Now, you're really leveraging your dollar.

Among all of the paid platforms that exist out there, Amazon and AMS, which is Amazon Marketing Services ... It's similar to Google paid search. It's so extremely underpriced, given its ROAS, that more brands need to be utilizing that. AMS needs to be a go-to for on-Amazon, on-Platform, sales revenue generation conversion, ROAS. That's what I would put my bets on, and then expanding it out. I would expand out to utilizing, not the platforms off-site, like Google, or Facebook, or other social media platforms, I would utilize AMG from Amazon to actually re-target the traffic and actually do segmentation and reach out, because Amazon reaches out. Amazon advertising through AMG reaches out to Facebook and social media, other social media platforms, all of the Google platforms, and Amazon properties. The great thing about it is, they know conversion and performance, so you're getting the highest ROAS possible from that.

Keith Anderson: Makes a ton of sense. Awesome, so you mentioned some of the other really key segments of the industry, the brick and click, or brick-and-mortar dot-com. What's the same, or what's different, about some of those models and operators, in the approach from a brands point of view?

Sabir Semerkant: The same part of it, whether it's pure plays or retailer dot-com, is that the practices that you learn from your Amazon optimization and running media with Amazon, you could bring a lot of that knowledge over to these two other silos. That's why prioritizing on Amazon is so important, given what I said earlier, about 55% of product searches start on Amazon. It influences all of the sales across the board. Getting that learning and coming to walmart.com, or target.com, and bringing that content. You're not ... Preferably, you're not bringing that content verbatim. A lot of companies do that, and it's a bad idea because you're losing out on the SEO value of your content if you don't make it different.

The customers on Amazon are different customers than your Walmart customers. Target customers are a different type of population. You need to really address that population, that customer, and bring the learnings from it. The tactics you use for SEO, apply to walmart.com. Bring that, but don't bring the content verbatim. Then, you're losing the quality of that. Then, Google discounts your [inaudible 00:33:09], saying that, "Oh, you're utilizing the same content across the board on 20 different properties." You should be really leveraging it for that customer segment, for that population, to bring and produce content that makes sense for that platform. The walmart.com content would be different than target.com because you know that those customers are different. You should be building it up for that.

Then, on top of it, there are variations, and some of them are following Amazon's model for advertising, so there are opportunities like that, that are available on certain platforms. Some platforms actually give you more data as a brand, so that they can share that media performance on those platforms. You could use them, and then, what I would do is, then, on top of that ... That's my foundation for those two areas, pure plays and retailer dot-com. On top of that, then what I would do is look at what's special about Target? What services do they provide? They provide types of services that are not available at Walmart, and those are special services.

There are special products that happen on Walmart, and services, and different types of marketing promotions that happen on Walmart that's different than Target. I will maximize my approach to each, and do things that are platform specific, and really leverage it, so that if I know that Walmart has this program that allows me to pick up in-store, what different things do I need to do to that product detail page that would actually cater better to the people who like to pick up their groceries, or their products, and stuff like that, from a Walmart pickup location, than people who would like to get it delivered through walmart.com to their home. I would really maximize that, and I would actually hustle to make sure that I'm fully leveraging that platform to the fullest sense. That specific platform, not that, "Oh, our retailer dot-com strategy is to do this to all of our retailer dot-com." No, the retailer dot-com has 15 different retailers in it. What are you doing differently for each one of those guys because Vitamin Shoppe is very different than Target. How are you leveraging that to your benefit across the board.

Keith Anderson: Yeah, makes perfect sense, and I suppose last, but definitely not least, you introduced this content of direct to customer. What else do you think is important for people to be thinking about and applying, as it relates to, number one, the decision to go direct or not to, and, if you do, how do you approach it the same or differently than these other platforms?

Sabir Semerkant: One of our POV ... One of my POV is that when ... As a brand, there might be a billion reasons why you don't want to do D2C. Channel conflict, I could write a book on channel conflict. You've heard it. Everyone brings it up, and you've heard it before, but here's the thing: For brands, it's possible you have 1,000 SKUs. There's no way that Walmart, or any retailer, would give you shelf space more than, I don't know, 75 to 100 of your SKUs, best case scenario. For your brand to take shelf space, best case, to as much as maybe one, maybe as little as one. If you have 1,000 SKUs, or if you have 250 SKUs, and you got space for only 50 on the shelf, how do you deliver the rest of your portfolio and experience, flavors, scents, sizes, colors, you name it? Call them web exclusives? You need to do D2C. That would be my first reason for doing that.

You can extend your aisle into owning that customer. That's the second part. Now, I know my customer. They're buying from me directly. I'm collecting, not only CRM data about the profile of that customer, and I can reverse engineer that into demographics, psychographics. I can take that email. It's not just for email marketing. I can take it, load it up into re-targeting databases out there. Whether I'm re-targeting the same folks on Facebook, and Google, and so on, I'm also utilizing them to build up my look-alike audiences. That's just from an email, I'm doing that. As I'm selling more, I'm also learning about what types of people, geography, or psychographic and demographic, are buying my products, and what products are successful, given certain customers. If I know that, I can build on my business and continue building those kinds of things, and really leverage my D2C platform to my benefit.

I could be doing it for a very selfish reason, that I'm testing the product and collecting a lot of data that I could put in front of Walmart and say, "Hey, we tested this product for three months, and we got 10,000 people buying these products, and this is our most favorite product, and here's the geography where people are buying. These are the white spaces, and you should carry this as our next product and give us shelf space." You could use D2C as a positive argument to actually get shelf space in retail. That could be a part of your strategy, besides learning about your customer and really telling and leveraging that D2C learning, whether you want to continue building your D2C, or use the data from it in order to get shelf space, and use data as a strategy, as a weapon. Because, frankly, if you think about it, retailers are holding onto these brands because of data, at the end of the day.

I would say that my thesis for Jeff Bezos to have created Amazon from day one to today is to collect data, so that whether they're selling ... They're selling all of these brands. They understand more seasonality of that consumer more than you do as a consumer, about your seasonality of what you buy, how often do you buy, and what life cycle do you buy, every aspect of it, so that I can take that, and I can build, whether I'm letting you sell your products on my platform as Amazon, or I'm private labeling where I see white spaces and opportunities for me to get into.

Keith Anderson: Makes perfect sense. Okay. As we close out, I think I'd love to hear, and I'm sure others would love to hear, what you think some of the breaking news today means to the market.

Sabir Semerkant: Whole Foods?

Keith Anderson: Yeah, what does it mean that Amazon is buying Whole Foods?

Sabir Semerkant: I think it's genius. It's amazing. Jeff Bezos has done incredible, whether ... I've been in it since day one of Amazon. Amazon was a bookstore. If you remember the 1996, 1997 headlines, it was Barnes & Noble against Amazon. It was a vehicle. Book selling was a vehicle to learn about what to do and where to get into. Then, you saw this explosion in 2002, 2003 time frame, when Amazon went into those marketplaces and created selling opportunities for brands from all different walks of life and different categories to be selling on Amazon and utilize Amazon as a platform. Then, Amazon got into this vendor relationship, where they were cutting POs and getting this in.

This just makes perfect sense for Amazon to be buying Whole Foods. If you hear, from the past six months, Amazon getting into their Amazon ghost store as their grocery concept, trying out ... It's an experimentation machine. They're trying out different concepts, Pantry, Fresh, Prime Now, and trying out Amazon restaurants. That touches food also, and seeing and learning from that, and seeing how we can scale that. An opportunity to get a nationwide footprint, like Whole Foods, into that mix, it just makes this very interesting.

What I said to you earlier, I think I've heard it from somewhere today, as the storm of these conversations, I'm getting hit on Twitter, and LinkedIn, and internally, and from clients. The best quote that I heard today was, "It's a frightening day for any retailer that's not Amazon." That's very interesting. If you look at the stock market, and all of the other grocers that are out there, their stock prices are declining. It's interesting. The market is reacting to that, given it's very interesting for Amazon to do this.

My POV is, I think Amazon is on the offensive. Here's why I think that. You think that the game is Walmart against Amazon. That's not the game. In 2018, I believe it's Alibaba against Amazon in the U.S. and also globally speaking. Alibaba has been acquiring companies in China and Asia Pacific, retail establishments. They've been doing it. It's part of their DNA, if you follow that. They've been doing that. If you look at all of the sales that came in on one day of Singles' Day, beat out, I think, the annual sales for target.com, so that's tremendous power. For Alibaba, the third market for Alibaba is the U.S. market. First, it's China. Second is Russia. Third is the United States. In the past year and a half, two years, Alibaba has opened up DCs in the U.S. This past Singles' Day, in 2016, they actually delivered orders for their U.S. customers that participated in Singles' Day, from their DCs in the U.S.

In 2018, I see it's Alibaba. The game is Alibaba against Amazon worldwide. One of the turf wars that would happen even more would be in the United States, so that's going to be a tremendous opportunity. If you look at like for like, the DNA that Alibaba and Jack Ma that has been built there, whether it's in messaging, to retail, to dot-com, to whether it's B2B, to B2C, there's a tremendous opportunity. A lot of buyers, even in the United States, to run their businesses. They buy from Alibaba.com from the auctioning site, where they're buying huge volumes. Then, they're probably labeling them from Chinese manufacturers to here. I believe that's the game, and I believe that Amazon is on the offensive on that end of it.

The game is going to change, and it's going to be very exciting to watch. Since we're in it ... You and I are in it, Keith, so we will be participating in that, in some capacity, for our clients and for our brands as we run them through that and help them really leverage all of those platforms and look at them as opportunities to grow your business and not in any way as threat. I wouldn't view it as threat. I would look at it as leveraging those platforms and complete optimism.

Keith Anderson: Totally agree. Yeah, and a lot more to come. I suspect we'll have to do a special episode on what some of this stuff means. Well, Sabir, this has been incredibly interesting. I really appreciate you joining us.

Sabir Semerkant: Well, thank you for having me, Keith. I really appreciate you having me on this podcast, and thank you to all of your listeners for listening to this podcast.

Keith Anderson: Yeah, and if somebody wants to get in touch with you, what's the best way to find you?

Sabir Semerkant: I know I have a very long name. I actually ... I took the cue from Gary, so my email ... I have an email alias. It's very simple, sabir@vaynermedia.com, S-A-B-I-R @vaynermedia.com. You can hit me up with any questions. Two of my favorite platforms for communicating with folks, related to e-com, it is LinkedIn. You can find me on there as Sabir Semerkant, a very unique name, so hopefully you're going to have it in the transcript so that people can copy and paste it into LinkedIn, or put a link up there. Also, I'm very heavy into Twitter, so you can find me, @sabirs, S-A-B-I-R-S.

Keith Anderson: Perfect. Well, Sabir, thanks again for joining us.

Sabir Semerkant: Thank you.

Keith Anderson: Welcome to another episode of the Profitero podcast, where we break down major market developments, interview industry experts, and share insights and strategies for improving performance in the e-commerce channel. I am Keith Anderson, VP of strategy and insight for Profitero, and I'm really excited to have with me today Melissa Burdick, who is truly an expert in e-commerce. She spent over a decade at Amazon, and now is the VP of e-commerce for the Mars agency, where she's helping many CPG companies grow profitably with Amazon and in the online channel.

We cover all kinds of topics, building on her experience inside of Amazon, as well as outside. Things like Amazon's various formats, from Prime Pantry to AmazonFresh, setting different objectives around sales and marketing, how to organize for e-commerce, and topics like Impulse and event-based merchandising. You're going to love it, so enjoy.

Well, Melissa, welcome. So happy to have you with us on the Profitero podcast.

Melissa Burdick: Thank you. Good to be here.

Keith Anderson: Just to start, why don't you tell us a little bit about who you are, what you've done, and what you're up to now?

Melissa Burdick: Sure. I'm Melissa Burdick. I started at Amazon in 2005. I was part of the initial team that launched the consumables business. At that time, there were no direct relationships. Amazon was drop shipping through Drugstore.com. I was part of the early team that started establishing all of the direct relationships with everyone from PNG to Burt's Bees. I really had a couple years trying to figure out how to be profitable in that space. It was pretty interesting looking at how to ship a tube of toothpaste, and be tactful in doing so. Lots of different strategy changes.

Then, I started doing a lot of work with some early brands that landed when Amazon launched an advertising platform. Now, it's called Amazon Media Group. I became interested in doing some work there, and I switched in 2010 from the retail category management world in consumables to supporting a lot of those brands who wanted to start doing some advertising work. I held various roles in program and product management, creating the new AmazonFresh, at that time, launch packages, and worked with a lot of the different programs within Amazon, Amazon Mom, Student, Prime, to create marketing programs around those.

Now, I am the vice president of the Mars agency, and I offer e-commerce capabilities to our clients, how to work and sell effectively online.

Keith Anderson: Awesome. Well, it's not often you get to speak with somebody who's been involved in e-commerce and has former insider perspective at Amazon, and now is working with a pretty diverse group of CPG companies. There's a ton that we can cover. One thing I'd love to start with is, just in your opinion, since you've been working with CPG companies for so long, how have you seen the industry evolve in its preparedness and capabilities for e-commerce, and where do you see the industry now?

Melissa Burdick: At the beginning, when we would go to trade shows, people would look at us pretty funny and say, "I thought you just sold books?" I think that Amazon went from being ... people had no idea about them to people starting to think ... especially the early people that leaned in like Proctor and Gamble, who really got involved early in Leevers and in the Krafts of the world. I think that people starting doing a little bit of business, but nobody really fully invested in building out teams.

It has evolved today to being a little bit more mandated by ABC levels and boards and companies to say, "Hey, I think we need to figure out this e-commerce thing, because it's becoming more important." Still, it's a small percentage. It's such a small percentage of people's overall sales, and it conflicts with a lot of their internal ways of working that it's so hard. As it's evolved through the years, it's become more important. It's become more supportive, but it's still not in a place where things are working extremely well. Still lots of challenges.

Keith Anderson: If you go back to some of those brands that jumped in in the early days ... you said 2005, 2010, which is almost ancient history, at the pace of e-commerce. What was it in those days that attracted some of those first movers to the channel?

Melissa Burdick: I think that some of them just had the foresight, and there were some companies, like your old company, that would come out and say things like, "E-commerce is going to be important." People with the budgets and the money that were able to embrace e-commerce and start playing a little bit with it were the ones that leaned in. It was some of the bigger companies, but there were also some that actually didn't. I think that they suffered, and that those brands that leaned in early, their sales are much higher online than the ones that didn't.

It could be things like they just didn't have the capabilities in-house and the understanding and knowledge to be able to work online. It was hard and time consuming, so they didn't spend the time on it. I think that the ones that did had a little more strategic partnerships with Amazon, met with vice presidents, and had talk-to-talk meetings, and are further along today because of it.

Keith Anderson: Now, you just used that phrase "strategic partnership with Amazon", which when I hear it, I scratch my chin just a bit because it's often said in the industry that Amazon is a platform and not a partner. From your perspective, having both worked as a partner to Amazon and at Amazon, what does a successful partnership with Amazon entail?

Melissa Burdick: I think that understanding what Amazon's needs are as a platform ... because it is. It's a platform, but being a partner to make some changes internally to support it is what is needed. There's a lot of supply chain and operation things that have to happen. It's not just Amazon. It's e-commerce in general. It operates very differently than brick and mortar stores. They want to order small amounts frequently, and that's not the case otherwise, outside of e-commerce, in my opinion or what I've heard.

There's a lot of operational challenges that these CPG companies have. By being a partner, it means willing to make the time and effort to change some of these old school, longer term, traditional logistic supply chain processes that are hard to change. It's also the willingness to test and learn with the Amazon platform, because it changes at the drop of a dime pretty much. Strategies change. What happened last year may not have worked, and Amazon definitely worked on making those things work. This year, it does work.

By being a partner, it's a willingness to understand what the needs are and making some changes to make them, if that makes sense.

Keith Anderson: Yeah. It makes perfect. I think some of those concepts that you introduced, like test and learn, I've seen more and more CPG companies embrace. They're starting to understand that e-commerce players like Amazon are so intensely data-driven, and that there's a comfort with ambiguity. That doesn't mean just throwing money at anything or every shiny new object, but it does mean a willingness to pioneer and experiment and learn by doing. Of course, correct as necessary.

To your point, so many of the large CPG companies are scale-driven businesses. Everything is optimized operationally, logistically, and the agility that's required for supporting Amazon and e-commerce broadly is hugely challenging, in my observation.

Melissa Burdick: Exactly. Yeah.

Keith Anderson: Another thing you mentioned is you were starting to comment on how some companies leaned in to e-commerce and some didn't. It was this idea of building out teams to support Amazon or to support e-commerce. One thing I've observed, and I know you have, is that more and more CPG companies are building out teams to support specific online retailers in the channel, broadly. What do those teams look like, and have you noticed anything, in terms of trends, related to skill sets or profiles of who's on those teams?

Melissa Burdick: Yeah. I often joke that Seattle is becoming the next Bentonville. Between Amazon and Costco, Costco's been around for a long time. Now, with the emergence of the importance of Amazon, so many of these companies are building offices in Seattle, and then they're hiring experts. A lot of them are ex-Amazonians, that are good friends of mine, to lead e-commerce for them.

I've seen that as a huge trend. Multiples of these companies are popping up in town. I think that the skill set is a little bit different. Having that person that truly understands the Amazon platform, how they negotiate, how they work, how the data even is created, and what so much of the terminology means, it seems so different and counter to what companies are used to, especially in a brick and mortar setting. Everything's so different that hiring these people has become a great strategy for them, and in the long run, a time saver. I've seen that as a huge trend.

I still think organizational structure is a question that a lot of these people have, because from my friends that have left and now are driving the e-commerce business and these CPG brands, they say that that is a tough one to figure out, and that the traditional structure within these organizations doesn't always work. I don't specifically know why. It just seems like it's pretty different, and a lot of it's the pace. Amazon, that's what they also say is a big challenge for them. Amazon is such a fast-paced environment, and having to react quickly and to understand how things work is so different. There's a lot of time spent educating people internally within these CPG companies about being able to act nimbly, more nimbly, and that kind of stuff is a theme.

Keith Anderson: Hi. It's Keith here with a quick note from our sponsor, which is totally ourselves. I wanted to be sure you knew about Profitero's free Amazon

FastMovers reports, which we release every month. The FastMovers reports identify the 100 best-selling products in more than 10 Amazon categories like baby, beauty, grocery, electronics, toys, and more. We benchmark product content characteristics like price, star rating, and review count to help you set goals and improve your own performance. They're available in the US and the UK with more markets coming soon. We also produce custom reports for Profitero clients. Head to Profitero.com and visit the Industry Insight section to get yours, or see the link in the show [inaudible 00:12:31].

Okay. Let's get back to the show.

On that point, our first episode of the Profitero podcast focused on a play book of sorts for people that are new in the roles as e-commerce director, and maybe come from an e-commerce background inside of a retailer like Amazon, or from a category of consumer good that might be more mature online. One of our watch outs is that about half of your time for your first year or eighteen months tends to be focused on that internal cell and trying to bridge the external with the internal, translating the familiar to the unfamiliar and vice versa. It really is a huge gap in terms of culture, vocabulary, capabilities. I imagine some of your friends who come from Amazon have ... not a rude awakening, but it's got to be challenging to step inside of a CPG company that's totally optimized around brick and mortar and has executive level buy-in that e-commerce is something to figure out, as you said, but maybe brings a different set of capabilities and tactics than what's necessary.

Melissa Burdick: Mm-hmm (affirmative). Yeah, most definitely.

Keith Anderson: Speaking of the pace at which Amazon moves, one interesting development that we were just discussing ... We're recording this on Friday, February 26th. Amazon has very discreetly just rolled AmazonFresh into the core.com platform for a handful of zip codes in southern California, from what we can see. It sort of sets up an interesting discussion in my mind around e-commerce format, because related to your point about organizational structure, one thing that seems increasingly clear is that a lot of companies may have optimized around one type of e-commerce, that item-driven, spear fishing, heavily search-dominated, shopper dynamic that Amazon is typically known for. There are these other online formats like the Full Basket AmazonFresh model.

Every aspect of how you attract and engage and convert shoppers and reach profitability with those Full Basket players is a little bit different. It's not that it's totally different, but how do you think about some of those different formats that are emerging within Amazon's own business as well as across the landscape?

Melissa Burdick: Well, just a side comment about the emerging onto the Amazon platform, I think that we've seen that microsites, and especially in Amazon's history, they're very challenging to drive traffic to. I don't know if you remember Endless.com. Do you remember them?

Keith Anderson: I do. The shoe banner. Right?

Melissa Burdick: Yes. It was an Amazon microsite. I think it was around for maybe two years, and then quietly went away. It was a microsite, and it was just too hard to drive traffic. It was supposed to be a more higher-end fashion website, or microsite. Everything was owned by Amazon, but it was a very different experience. It ultimately died because it was very hard to drive traffic to. If you look at how AmazonFresh is going to scale and have all of these different cities with all these different microsites, the technology to be able to power that separately, and then a separate mobile app, it's very hard to operate that way.

It makes a lot of sense to try to move it onto the Amazon.com platform and take advantage of all of the eyeballs and traffic there. That makes sense to me. It is interesting because Amazon is a bit of a spear fish and search-driven site, but with all these different platforms ... with Prime Pantry, which is a box that you build, and then AmazonFresh, which is kind of the same thing, where you're building a basket. What Amazon has said is when people are shopping on all of these different platforms, and they're using them in a different way. That's another way CPG companies are not as prepared.

I still haven't seen it yet where a company has gotten the right assortment and the right place on all these different platforms. There are different formats in different places, and there are also ... what's even more challenging is that it's different buy-in teams and different better managers and different people that you're dealing with between AmazonFresh, Amazon.com, and Pantry are the same person. Then Prime Now is a different team, and then Business is a whole different area.

Something to think about as a company is: what are all these different platform? Each of them have different needs in terms of the assortment mix, where Pantry and Fresh are more of an eight-strategy, smaller quantity strategy. Dotcom is a bigger quantity, but that's one of the problems is that companies, the quantities, they're just converting people's big-sized case tax of 72s, and not a consumer-friendly purchase, into that purchase. That might be a good business assortment mix.

The Fresh [inaudible 00:17:58] a lot of sense to me, but I think it's, again, an opportunity for so many companies to understand all of these different platforms, and the fact that customers are shopping all of these for their different needs throughout the day, and also on different platforms and channels between mobile and desktop.

Keith Anderson: Yep. I think you made a great point. There's so much fragmentation across ... even within Amazon's various formats. You have mobile and desktop. You have B2B. You have Fresh, Pantry, Prime Now, Dotcom. As you said, just from a shopper's perspective, understanding each of these programs and how to access them and some of the parameters for ordering and buying is complex enough for a shopper. Then you look at what it means to a supplier who needs to figure out the right assortment, the right packet figuration, deliver content through different mechanisms, work with different buyers. To your point, I think from a scalability perspective, it really is an encouraging sign to see a little bit of a consolidation on a single platform. Maybe there will be some organizational changes that follow to make the efficiency a little bit greater.

I still remember when I was an analyst in the brick and mortar retail world, there were these really enlightening studies done that showed how many different touchpoints there were between a supplier and each retailer. One of the big insights was that ... I believe it was Walmart had the most efficient retailer/supplier collaboration model just because, while there were many many touch points behind the scenes, you could get a lot done with relatively few interactions. I think part of what we're seeing is a maturity curve here in e-commerce, and with Amazon specifically, that may follow a similar track as the need to really scale the CPG part of Amazon's business becomes a bigger priority for Amazon and their suppliers.

Melissa Burdick: Yeah. Let's hope so. I don't see that getting any better anytime soon, but maybe.

Keith Anderson: You shared a little bit about your background. One thing I find really fascinating is that you have both category management and commercial experience as well as the media and marketing side of things. I was hoping you could talk a little bit about how you see those things interacting and the interplay between them at Amazon, both from Amazon's perspective, but really from a supplier's perspective. How do those two things relate?

Melissa Burdick: In terms of retail and then marketing?

Keith Anderson: Yeah.

Melissa Burdick: To begin with, you need to have the right assortment on a platform in the right place, as we talked about. Then, when you get a chance to actually start ... Well, not that. It's kind of like setting your table at dinner and it's set. You have the basics done, then you're able to really market those products and get people to know about them. Truly understanding what's the most effective marketing levers on Amazon ... and some of them would today, although I think it's changing in the retail category management area, and some of these levers live in Amazon Media Group.

Being able to leverage what are those marketing levers that work best for customers to find your products and buy them. Meanwhile, with an efficient use of your marketing dollars, I think it's a very coordinated ... and I think that's maybe a little bit different about Amazon in general is being able to understand how retail works and how everything is so related with making sure that you even have the right item on the site and all the content that's search engine optimized. Even starting with a title, making sure that the title is a correct title, to being able to market that effectively across the platform. It's a complicated process.

Keith Anderson: It's not easy. You mentioned some of these marketing vehicles that are most effective. Can you share any that are particularly effective?

Melissa Burdick: Yeah. I don't know if you're familiar ... I know you probably are, but maybe not the audience. A fairly recent one is Amazon AMS, which is their search marketing tool. More and more people are starting to jump on the bandwagon of using that tool. I have found it to be extremely effective, and so has my ecosystem of people that I work with in leading e-commerce. That's been a great driver. People [inaudible 00:23:06] to see that lots of impressions out there, and it's very cost efficient because it's a CPC model, or a cost-per-click model. You'll get millions of impressions out there, and it's relatively inexpensive. Bidding on key words, which is a lot of the way that customers on Amazon shop. When they're looking for toothpaste or deodorant, they may be able to buy those key words for your brands. It's been a very good driver for a lot of people.

The other thing that a lot of people have done is leveraging enhanced content. I even have started calling it Content 2.0, given the fact that so many people want a lot more information about the products that they're putting in the body and on their body. Not just taking the packaging and re-formatting it into pretty pictures on a page, but actually taking the time to explain where that product's from. I always point to that Amazon element, which is our own private label, white as a good example, to look at for this level of content that I'm talking about. It not only helps sales on Amazon, but off Amazon. Although, [inaudible 00:24:24] is only sold on Amazon.

It helps customers. It's kind of like your own brand marketing on that page. I think that's also effective driver, and of course, building on as many search terms on those pages is helpful for search engine optimization as well. That's content and also efficient use of Amazon

Media Group, which is ... I think a lot of times people think of it as needing to have a huge ROI and a conversion of sales for them. Where it's really more of a branding platform, and a way to get awareness out there, especially for new products, leveraging that efficiently and effectively for the right reasons.

Keith Anderson: I totally agree. Building on what you've said, we find, among the CPG companies that are most advanced in the e-commerce space, they have that dual mentality of certainly trying to continuously build the volume they're doing in the channel, but they definitely respect that Amazon and e-commerce, broadly, are a primary destination for product discovery and research. To your point, if you've got a new item or a new product that you're trying to launch, getting the content right and having all of the questions a shopper might have answered, having a baseline of ratings and reviews on those product pages is so essential because before people are willing to buy a new brand, so many are now doing a little bit of diligence at the digital shelf before they buy, whether it's online or in-store.

To your point, you really do have to be easily discoverable, and you have to have compelling and complete content so people can see everything they need to see to make an informed decision.

Melissa Burdick: Mm-hmm (affirmative).

Keith Anderson: You also touched on something that's obviously a little bit close to our heart, which is this question of effectiveness and efficiency. First for setting the table ... I love that metaphor of just getting the fundamentals right, your product title, and your descriptions, and so on. Then linking some of your more advanced marketing and merchandising tactics to effectiveness. What's your take on the state of measurement and data and analytics in the e-commerce channel? Where do you see opportunities and challenges?

Melissa Burdick: I still think that measurement and ROI is very difficult. I was talking to someone that is a team leader of a very large CPG company, and his comment to me was, "You know, if I do a rollback or something at Walmart, I know exactly how many units I'm going to sell." When I do something at Amazon, I have no idea how many units I'm going to sell. I think that the degree of data and understanding is still very hard, and at the heart of it, one of the reasons why is because the retail platform where there's merchandising activities, such as promotions and different placements within the category stores, which is sold separately and differently than Amazon Media Group and AMS.

Those two are actually two different platforms internally, within Amazon. Even the data analytics are two different ways of looking at data. Even internally, tying this whole picture together of what does a promotion do, what does search marketing do, what does media do ... and then on top of it, the attribution model of how they allocate sales, I think, could be a little bit misleading as well because ... Let's say that you have a media campaign and you're doing search and you have a promotion and you have all these things working together. Well, the attribution model, the way that Amazon does it, it's the last ad you saw 14 days back, and it's attributed to that ad and it's last touch. If you saw an ad and then you did a search term last and you bought the product, you're sale might be attributed to that search term, if that makes sense.

I think that that muddies the water a little bit in understanding what's actually driving some of these results. The status of it is still pretty muddy, unclear, not a great idea. If you ask Amazon, they'll tell you the same thing. It's hard for them to even know what's driving the business, because people are doing all of these things, or pulling all of these levers, at the same time. I think it's pretty hard to really know what's driving your business, to be honest.

Keith Anderson: Yep. I agree whole-heartedly. We obviously work with a lot of the big CPGs. The folks who tend to be our primary sponsors are the ones that are often commercially responsible for the channel's growth and development. They own the PnL. To support their efforts, they're asking for ever-larger budgets, because their retailers are asking for ever-larger budgets. They're still at this disadvantage versus the Walmart team or the Club team, each of whom has a very clearly structured, systematic stream of data that tells them the size of the prize and how they're performing versus competition and a lot of clausal data about what does work and doesn't work, from a trade promotion or a marketing or merchandising point of view. It's really, really challenging.

Each passing quarter, it seems to become a larger and larger problem, because there's so much Mindshare that the e-commerce channel has. The analytics and measurement are still such a challenge. We're doing what we can to make an impact there, but it really is a big challenge.

Melissa Burdick: Yeah, and I would add that Amazon's own analytical tools, ARA and ARA Premium, are pretty hard to use. There's a lot of schooling. There is a big use of third-party data providers, such as yourself, which make it a whole lot easier for them to get to their data faster, with some additional analytics on top of it. A lot of clients come to me and ask about data, and I always point them to folks like you, and some of the others out there, that can provide these services. It's pretty hard to even pull the data from Amazon's internal tools.

Keith Anderson: Yeah. I think it's definitely a journey. With individual retailers like Amazon, and across the total market, it's clear that there's a lot of progress still ahead.

One topic that we haven't hit on, that I wanted to spend a few minutes on ... We're coming out of a pretty interesting seasonal period. We just had the Super Bowl a few weeks ago, where my Denver Broncos returned the championship to my home land of Denver, and then we had Valentine's Day. Some of our clients are in impulse-oriented or seasonally driven categories, and there are all kinds of questions those types of companies face about how to adapt some of the merchandising or marketing tactics that work in the brick and mortar channel, as it relates to driving volume, during key seasons or prompting purchases. What have you learned, or what could you tell us, about things that do or don't work at Amazon, or in e-commerce?

Melissa Burdick: I think of seasonal events a little bit differently. I spend a lot of time at Amazon creating sponsorship packages around these things. The way that I think about it, when you're in a brick and mortar store and it's Valentine's Day, there's an aisle that's all pink and red. It's strategically placed that you have to pass it, or it's right in front of you as you check out. You have to see these things. It's three-dimensional. Online, it's so two-dimensional that you could just go straight to the item that you want to buy, toothpaste or whatnot, and you could never go to that quote, unquote store.

Whenever I think of seasonal opportunities, like the Valentine's Days ... and Amazon always has a Valentine's Day store that they create. There is a couple of questions that I always ask, and the first one is: how much organic traffic and how much traffic would Amazon drive, specifically to these stores, so that traffic gets there? How do you get them in front of the place to begin with? For that brand, how are they going to be prepared in that store? Are they above the fold? Do they have prominent placement? It usually correlates with how much money they're going to be willing to spend. If it's a small amount of money, they're going to be below the fold. Not get a lot of exposure. Maybe there's a lot of competing brands, because Amazon usually doesn't allow for exclusivity.

To me, it's not worth it. The sponsorships, and the ones that are, I think are when people really lean in, and it's typically a bigger CPG company that has the money to do it. They go big in the sponsorship and they own it. One example is ... and this is a little bit longer. It's a little bit not about seasonality, but it's kind of the same concept, but it's when AmazonFresh launched in LA and Unilever was the launch partner. They bought that sponsorship. I think that one of the secondary effects of it was that there's a lot of PR and a lot of press, and that image of their truck route that was part of their sponsorship, got millions of impressions across the internet because every single news article that picked it up showed that truck. It associated Unilever with a very strategic launch at Amazon.

I think that there was another company that maybe sponsored Prime Now during the Super Bowl. Is that right?

Keith Anderson: I do think you're right, but I don't have specifically who it was.

Melissa Burdick: Same thing. I think that was a good move for that company. It's along the same vein. They're associated with Super Bowl or something that they're interested in supporting, and they probably got a lot of exposure in-play across the internet, given that they supported it. I think that if there's a lot of traffic going there and Amazon's helping to drive that traffic, if they have good prominent placement and focus, then it's a good idea to look into investing to it. Otherwise, I'd probably use that money in a different way, or just driving your own brand. Then there's also a lot of search marketing of course that one can do, bidding on those popular, unbranded terms during that time frame.

Keith Anderson: Yep. I love the way you frame those first two points. Number one: how is Amazon, or how are we together, going to drive traffic to these seasonal pages, or category pages, whatever the destination is? Number two: what's the quality of our position on those pages? I would add a third, which is: how do we define success together, and how will we measure success, which I've often found is lacking in these scenarios? I think part of the problems of e-commerce is shifting away from a purely impression or CPM-driven model of media or marketing to more of a performance-driven model. Unfortunately, in some of these scenarios, you're not actually paying for the outcome. You're paying for the display or the opportunity. You sometimes can't even get clear visibility into how many people did see you're engaged with whatever your display was.

It is really important to define success. Some of those examples you shared, I think, highlight another consideration which is there's some hard metrics for success, like sales or like impressions or things that indicate your performance in the channel itself. Then there are also, what I think of as, halo effects that have a really positive impact on the way your brand is perceived, both with shoppers, but also within the industry, with the retailer as a partner, and also to talent.

In other words, anything you can do on the bleeding edge with a retailer that signals that you really are among the pioneers elevates your position in the industry and makes you a more appealing place to work, which is one of the other really challenging factors, competitively. It's a very small community of folks that understand both the CPG business and e-commerce. Attracting and keeping these people is one of the big priorities we see across the industry at large. Some folks look at those kind of leap of faith investments in helping pioneer a new program or a new service as mostly risk for little reward.

I think if you change the way you think about what success might mean in some of those scenarios, you might think a little differently.

Melissa Burdick: Yeah. I think if you think of unit sales as your success metric, you're probably going to be disappointed a lot of the time if that's your only one.

Keith Anderson: Yep. I agree. Melissa, this has been super interesting and super helpful. As we wrap up, any final thoughts on what the CPG industry should be doing more of? Or isn't doing and should be doing?

Melissa Burdick: A couple things that the CPG industry could be doing more of and ... one is just that idea around designing for the online show. That's everything from creating the content that is needed for creating those enhanced detail pages to short-form video, really great content for the page. I just had one of the brands that I work with, and they'll fully admit it, they launched a new product and they had zero digital content available to create a page from. Things like that.

When you're creating these things, thinking of what are the things that I need to do for online formats, that's everything from content to even just the format sizes that they're creating, the case quantities, making sure that they have the right formats for the right channels. I think having the right people in place organizationally, and making sure that they have the right talent in their company, to be able to lead the charge for e-commerce. As a company, deciding that's important enough to invest in. Also, being able to be nimble enough to test and learn on the things that they should be doing, so that when they lean in, they're leaning in on the right things that they tested and know will perform for them.

Keith Anderson: Wise words. Well, Melissa, thank you again. If people want to reach you, how can they find you?

Melissa Burdick: They can reach me at BurdickM@themarsagency.com. You can find me, Melissa Burdick, at LinkedIn. I look forward to listening to your future podcasts.

Keith Anderson: Well, that was another great episode. Thanks so much to Melissa for joining us. I learned a ton. I'm sure you did too. As always, we really appreciate your feedback. Please email us at insights@profitero.com, and I'm on Twitter, @KeithAnderson. You can also leave a rating or a view on iTunes, or wherever you find podcasts. If you enjoyed it, tell a friend. This is a new podcast, so we're eager to spread the word, and we appreciate your help. Thanks for joining us, and we'll talk to you soon.