

Amazon USA Weekly Update, April 21st, 2020

On March 17th, Amazon announced a focus on essential categories. What does this mean?

- Essential categories include: Medical, Science/Industrial, Food & Beverage, Health and Beauty (excluding Luxury Beauty), Pet, Baby and Household
- Sellers not falling within these categories were prohibited from sending additional inventory into Amazon's Fulfillment Centers
- Amazon announced that they will more widely open up for nonessential items later this week though plan to monitor and limit inventory levels where they see fit.
- Amazon has hired 175,000 nationwide to meet the increased consumer demand they are experiencing.
- 250,000 retail stores in the US are currently closed. Estimate from Washington Post is that 15,000 will be permanently closed.

What we have been seeing/April 21st update:

Operations:

- **Beginning April 18, 2020, Amazon enabled more products** to be eligible for shipment creation, expanding beyond "essentials" categories. While a broader set of products can now be sent to Amazon fulfillment centers, they are limiting the quantity a seller can send in for some products.
- **Long-term storage fees are being waived** to ensure that sellers of essentials are able to send in enough inventory to mitigate receiving delays in Amazon fulfillment centers.
- **Removal orders** are paused or delayed in Amazon fulfillment centers. You can continue to create removal orders, but removals have been deprioritized with no indication of when normal operations will resume.
- **Ship times to consumers** continue to improve and in some cases and locations are relatively normal (1-2 days). Many products continue to show delivery dates 2-3 weeks out on the Amazon site but are actually arriving in typical timeframes.
- **Amazon continues to experience out-of-stocks** on essentials like toilet paper, hand-sanitizers, etc. and they are limiting quantities on some items.
- **Consumer return windows increased.** Products purchased between March 1, 2020, and April 30, 2020, can now be returned by consumers until May 31, 2020.
- **The first store of Amazon's new grocery chain**, scheduled to open this year in Woodland Hills, Los Angeles, has been temporarily transitioned into a warehouse for online orders.
- **New Seller Accounts are being approved and new item set-up** is "business as usual" in consumables: Medical, Science/Industrial, Food & Beverage, Health and Beauty (excluding Luxury Beauty), Pet, Baby and Household, although with some delays.

Recommendation: Continue to focus on your core business. Now is not the time to make major changes within your Seller (or Vendor) account that could render your account inoperable. It is taking longer than average to get issues resolved. Continue with increased inventory in Amazon FCs and monitor closely. If you are a "nonessential" item, be vigilant about checking to see if the gate has opened for you to send in inventory. Do not expect Amazon to notify you. Simply go into your Seller account to determine if Amazon allows you to create a shipment.

Marketing:

- **Amazon Deep Clean.** Unrelated to COVID-19 developments, Amazon is implementing a program in mid-May called “Deep Clean.” With this program, Amazon is reviewing all main product images, many of which have eroded in compliance in the last two years. If images contain any additional graphics, logos or unrelated items, then Amazon will suppress the listing unless they are able to find a compliant image that they then can rotate into the main image slot. Compliant images are professionally photographed (of only the product being sold) and must be on a solid white background with no shadows and no addition graphics of any kind. Below are some examples of images that do not comply with Amazon standards.



- **Marketing activities still suspended** – Coupons, Amazon Vine and Lightning deals are suspended until further notice.
- **Prime Day** planned for August but no specific date has been announced yet.

As per last week, we are still seeing the following:

- **Cost Per Click (CPC) in advertising is decreasing in some categories**, with the exception of highly competitive categories like Pet and Baby. Conversion costs lower than usual.
- **Opportunities for smaller/newer brands to fill voids** that are left by out-of-stocks

Recommendation: If you have main product images that do not comply with Amazon main image requirements as noted above, proactively replace them with suitable images now before listings are suppressed.

This continues to be the time to take advantage of the opportunity to advertise. *Do not* spend money on discounting but rather on advertising to get eyes on your brand. This is great time to promote products that fall into the “maker” space (like cheese-making and beer-making kits) for increased entertainment demands and as well as indulgences, like snacks.

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