
**Session 2 (Panel Discussion):
Pros and Cons of New Approaches and Alternatives**

“Self-Preferencing”

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Example: Amazon's Hybrid Business Model

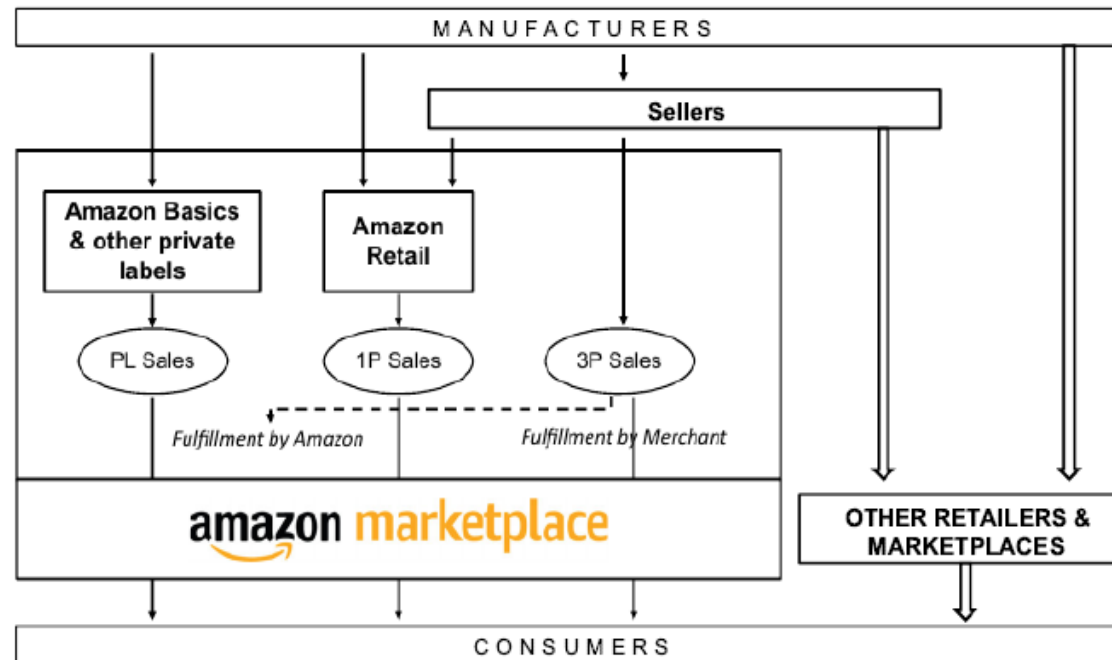


Image Source: Etro (2021)

- Amazon can directly purchase products from manufacturers and resell them to consumers. Additionally, it allows third-party (3P) sellers to sell their products on its marketplace while offering fulfillment services to 3P sellers, including product storage, packaging, labeling, and more. → **Reseller + Marketplace**
- Data Utilization → Leveraging the accumulated sales information on the platform, Amazon can plan and supply its own **private label** products directly on the marketplace.

Dual Role of Platform Operator

Platform operators act as both umpires, responsible for maintaining and managing the platform, and players who compete with regular product sellers and actively engage in selling their own products on the platform.

Exploiting 3P Seller's Data & Launching Private Label Products

- Platform operators can utilize accessible data to imitate the most popular products from third-party (3P) sellers and generate revenue.
- By having access to information about products sold by 3P sellers in the marketplace (such as detailed product demand, price settings, user search behavior data, returned products, and reasons for returns), platform operators can analyze and determine which products are advantageous to imitate and introduce to the market.
- This puts 3P sellers in a position of unfair competition with platform operators and may reduce investment and incentives for innovation.

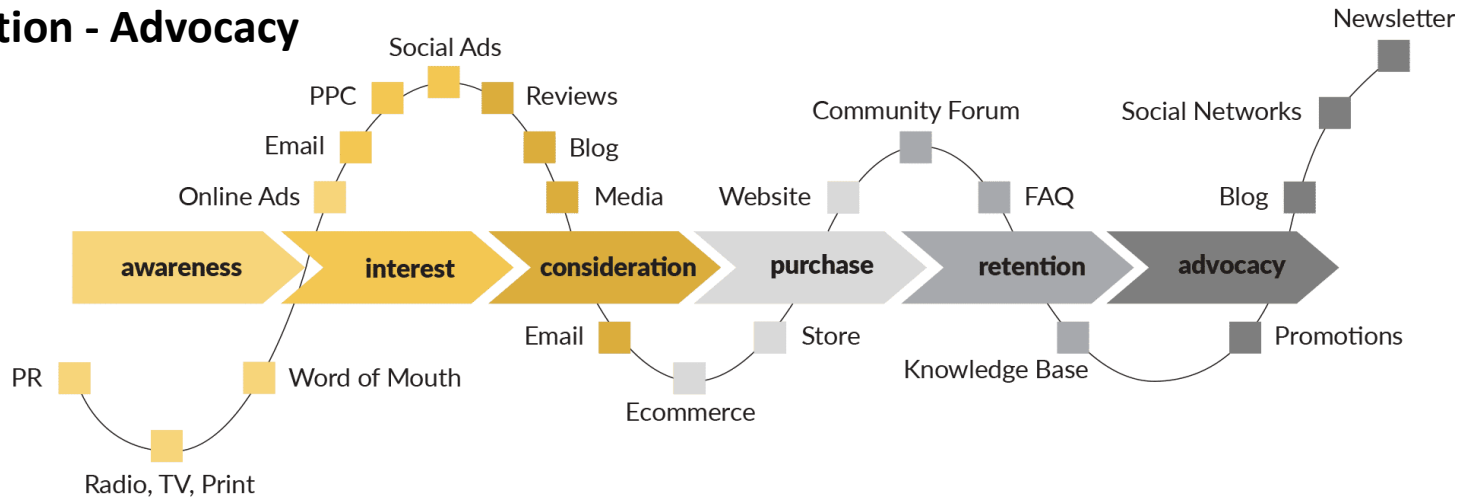
Self-Preferencing

- In a competitive environment within the marketplace between 3P sellers and platform operators, platform operators can entice consumers to choose their own products over those of 3P sellers.
- They can strategically configure the platform to significantly expose their own private label products to consumers rather than the products of 3P sellers, thereby attracting consumers to choose their own products.

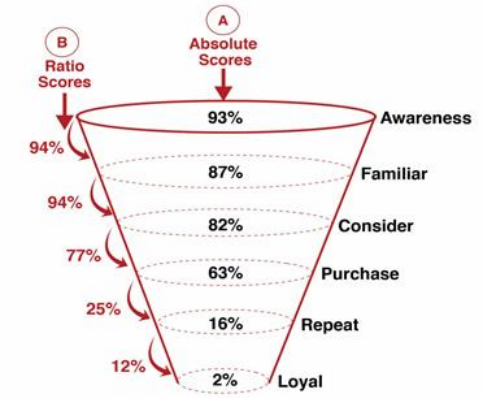
Amazon at the Center of Controversy

- **Online Customer Journey: Product Awareness - Search - Comparison – Purchase –**

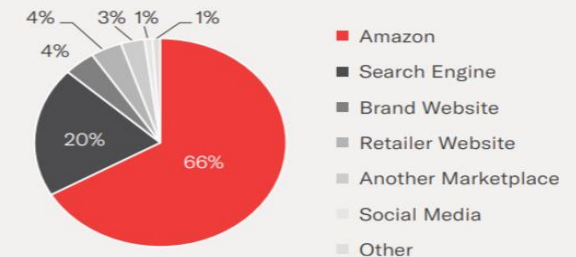
Retention - Advocacy



- In the U.S., Amazon overwhelmingly serves as the starting point for product searches.
 - 52% of consumers initiate product searches on Amazon
- Amazon also holds a dominant market position in each stage of product awareness and search, and thereby exerts a transfer of dominance to the subsequent stages.
 - If a company's brand does not appear on the first page of Amazon's product search results, it may disadvantage the company in terms of consumers selecting their brand's products.



Where Consumers Start Their Search for New Products



Where Consumers Go When They Are Ready to Buy a Specific Product



Amazon: Customer Journey Map



CORE CUSTOMER JOURNEY PRINCIPLES

Total Addressable Market
The market you are serving, the extent of product-market fit & potential to grow.

Mental Availability
Being the brand people think of first in your category (especially among light buyers).

Salience
The quantity & quality (how fresh & relevant) of brand information in memory.

Physical Availability
The breadth and depth of your distribution in time and space.

Experience
The product of an interaction between an organization and a customer over the duration of their relationship.

5Cs OF SERVICE CONVENIENCE

Decision Convenience
Making it fast and easy to choose.

Transaction Convenience
Making it fast and easy to pay.

Access Convenience
Making it fast and easy to acquire.

Benefit Convenience
Making it fast and easy to enjoy/use.

Post-Benefit Convenience
Making it fast and easy to re-purchase.

CUSTOMER JOURNEY ENABLED BY AMAZON SEARCH PRODUCTS

Grow Customer Base
Build brand awareness & new customers with lifestyle and other targeting.

New Customer Acquisition (AAP + AMG Display)

Reach Shoppers
Convert shoppers into customers by targeting shoppers to the category and similar categories.

Discovery Shoppers (AAP + AMG Display)

Convert Potential Customers
Target broader keywords through AMS and ASIN retargeting to convert potential customers.

In-Market Targeting (AAP + AMG Display)

Broader Keyword Targeting (AMS)

Similarities Product Retargeting (AAP)

Keyword Conquesting

Product/Brand Retargeting (AAP)

Targeted Keywords (AMS)

Reengage Shoppers with Retargeting
Capture customers who visited your detail pages and did not convert.

Branding Strategy
Optimizing Creative and Media strategy to achieve brand awareness and engagement goals beyond Direct Response and eCommerce Sales.
Early Journey Activation
Beyond Demographics

Programmatic Sampling
Amazon's Targeted Sampling Product enables targeting a precise audience with a free sample and following-up with automated remarketing that drives conversion. A programmatic approach to sampling where a banner ad can come through the front door (with a 10% lift).

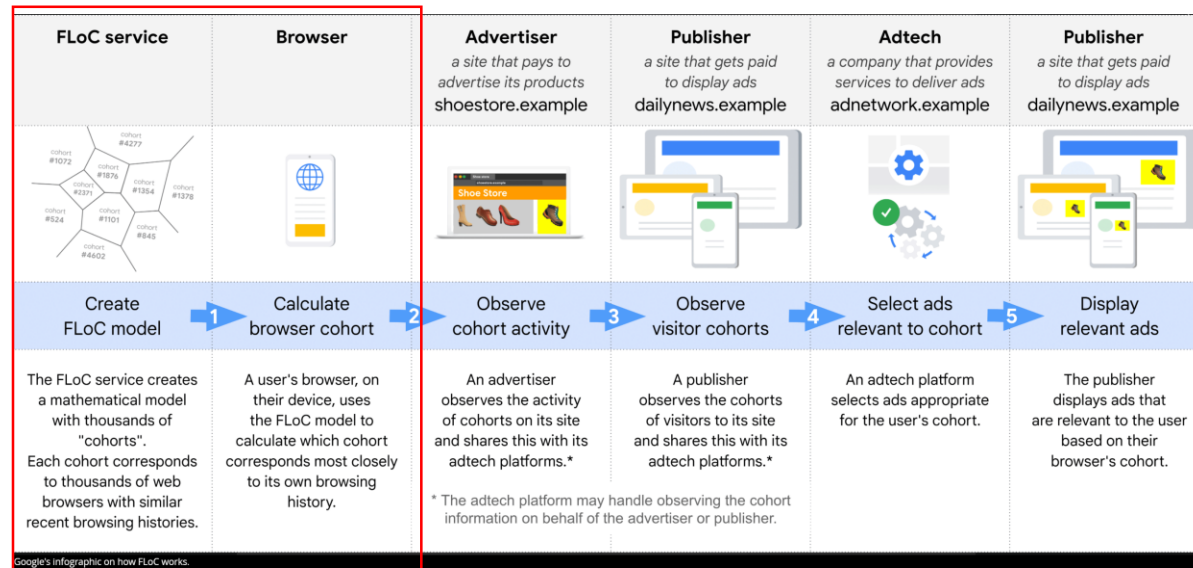
Dynamic eCommerce Ads
These introduce Amazon features like Add to Cart and Customer Reviews into display ad units. These can result in +23% lift in purchase rate vs. standard image ads by leveraging the trust of third party endorsement and increasing the ability to add to cart.

Amazon Brand Stores
Brand Stores enable brands to create pages at Amazon.com/brandname and own more of a branded experience, but they need consistent, strong use of Amazon search and media to ensure shoppers find them and then for the Amazon algorithm to favor the results. Best used in conjunction with other marketing tactics.

Remarketing
Reengaging shoppers with a variety of remarketing tactics including shoppers who have visited your site. AAP dynamically retargets when the segment visits third party sites with a tailored message.
Pixel-based Targeting
Operational Product Targeting

New Perspective: Competition for Next-Generation Data Platform

- **Apple's App Tracking Transparency (ATT)**
 - Walled garden → Cook vs. Zuckerberg (Facebook)
- **Google's Privacy Sandbox**
 - Federated Learning of Cohorts (FLoC) to reduce privacy risks?



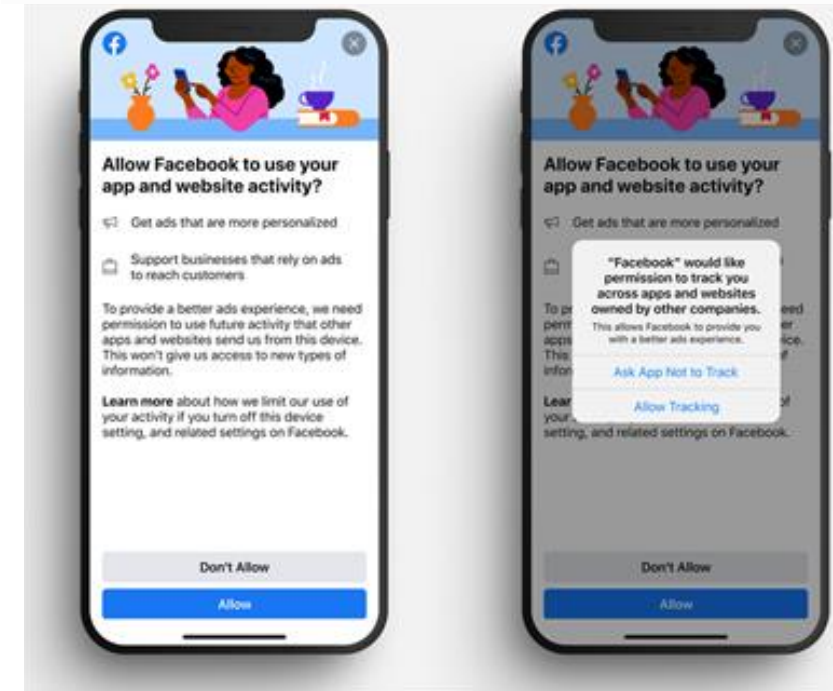
FORBES > INNOVATION > CYBERSECURITY

Apple's Privacy Features Will Cost Facebook \$12 Billion

Kate O'Flaherty Senior Contributor @ Straight Talking Cyber

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- **Meta: Metaverse** as the next-generation data platform
 - Going beyond app maker in Google's and Apple's stores

New Tech. & New Competition

