

2017



Amazon Year in Review

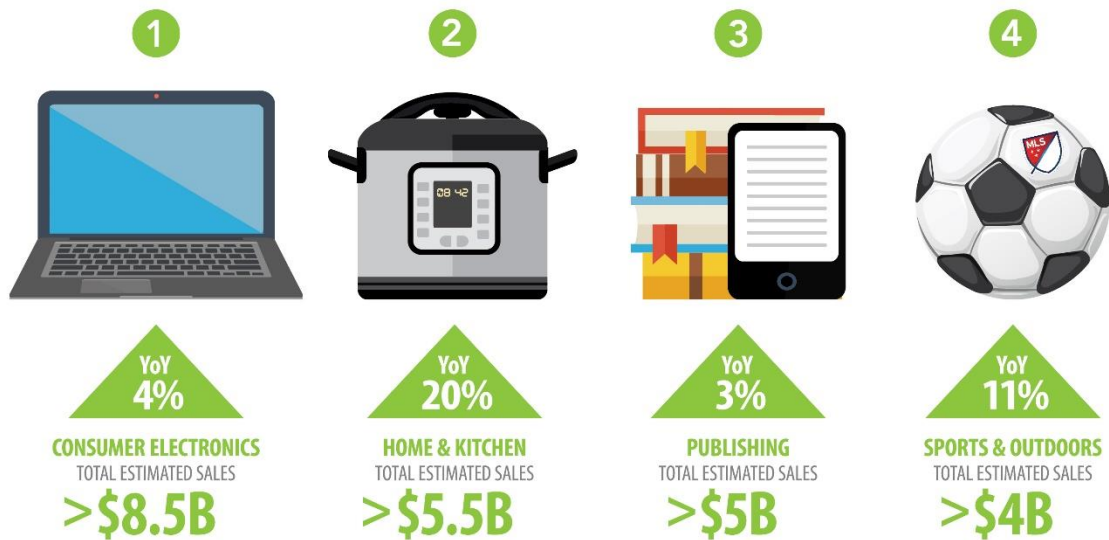
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Amazon Year in Review: The 5 Biggest Trends of 2017

By Spencer Millerberg, CEO at One Click Retail

2017 was a very big year for Amazon, a year filled with major acquisitions, international expansions and technological innovations. The company also managed to be responsible for an estimated 44% of all U.S. ecommerce sales in 2017 and fully 4% of the country's total retail sales, a figure in the area of [\\$200B](#).

AMAZON.COM TOP PRODUCT GROUPS: 2017 ESTIMATED SALES



**Rollups are supercategories of related products and/or groups compiled by One Click Retail; for example, Consumer Electronics includes Laptops, Hands Free, Headphones, Computer Components, and several other categories.*

AMAZON.COM TOP GROWTH PRODUCT GROUPS: 2017 ESTIMATED SALES



Amazon set a new sales record on Prime Day, July 11th, and then broke that record on Cyber Monday, November 27th. And over the course of one week this holiday season it signed up over [4 million new Prime members](#). Yes, Amazon is on a roll, but what's behind its incredible success? We've looked back on a year of Amazon sales data and picked out the five biggest trends that have shaped Amazon in 2017:

#1. Automated Marketing

Amazon spent 2016 quietly building its automated marketing system, then doubled down with some major upgrades to the system in 2017. An increased level of sophistication now allows brands to bid on a far broader range of keywords, targeting mobile, desktop, and/or app users, and even integrate with email marketing and vendor-powered coupons.

Today, over 50% of product searches begin on Amazon – and only Amazon has the ability to convert click-throughs to sales. With these added benefits and some killer ROI metrics, many brands have started taking their search budgets out of Google and Facebook and putting their money on Amazon.

#2. Consumables and Private Brands

In the first half of 2017, sales of Consumables on Amazon (including Grocery, Health & Personal Care, Beauty and Pet products), were on FIRE with over 35% YoY growth. Then to add fuel to the fire, Amazon announced the acquisition of Whole Foods, and along with it what is now its second-largest private brand: 365 Everyday Value, with over \$10M in estimated 2017 sales.

In the chart below, you can see how Amazon Fresh sales began to see an increased growth right after the takeover announcement even before any new products were released, and then spiked again after 365 became available on Amazon. Which raises the question: will this create long-term changes and tailwinds for Amazon? Will 300-ish Whole Foods stores be enough to compete meaningfully in the brick-and-mortar space against Walmart's 4000+ stores? Will Amazon fundamentally change its strategy in Fresh to integrate Whole Foods?

AMAZON FRESH 2017 SALES



Amazon isn't one to put its eggs in one basket. 2017 was a watershed year for Amazon's private brands across all product groups, with combined estimated sales of \$150M in its two largest categories, Home and Electronics. Overall, Amazon's private brands don't limit themselves to specific categories – the biggest brand, AmazonBasics, earned an estimated \$400 million this year.

In 2017, Amazon continued to introduce new brands and new product lines, with strong moves into Diapers (Mama Bear: 100% YoY growth), Furniture (Rivet / Stone & Beam) and Activewear (Goodsport, Peak Velocity, and Rebel Canyon). For a detailed breakdown of Amazon's private brands in 2017, see our [Private Brands Year-End Review](#).

#3. Gadgets and Home Automation

Everybody knows the success story of Amazon's Echo line of smart speakers: Echo Dot, the miniature (and cheaper) version, was the single [bestselling item on Amazon](#) this holiday season, with millions sold. But this is just one small example of how gadgets captured the public's imagination across nearly all product groups, and at the top 10 items for first-party (1P) sellers in 2017 prove it.

AMAZON.COM TOP 1P ITEMS: 2017

1	2	3	4	5
				
Instant Pot DUO80 8 Qt 7-in-1	Acer Aspire E 15 Notebook	Instant Pot DUO60 6 Qt 7-in-1	Fitbit Charge 2 Black, Large	Bounty Paper Towels, 12 Count
PRODUCT GROUP KITCHEN	PRODUCT GROUP PC	PRODUCT GROUP KITCHEN	PRODUCT GROUP HEALTH & PERSONAL CARE	PRODUCT GROUP HEALTH & PERSONAL CARE
RANK IN GROUP: #1	RANK IN GROUP: #1	RANK IN GROUP: #2	RANK IN GROUP: #1	RANK IN GROUP: #2

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Amazon.com Top 1P Items, 2017

	Product Group	Rank In Group	Title
#1	Kitchen	1	Instant Pot DUO80 8 Qt 7-in-1
#2	PC	1	Acer Aspire E 15 Notebook
#3	Kitchen	2	Instant Pot DUO60 6 Qt 7-in-1
#4	Health & Personal Care	1	Fitbit Charge 2 Black, Large
#5	Health & Personal Care	2	Bounty Paper Towels, 12 Count
#6	PC	2	Samsung 850 EVO 500GB SSD
#7	Furniture	1	Zinus Memory Foam Mattress, Queen
#8	PC	3	Google Wifi system (set of 3)
#9	Electronics	1	Bose QuietComfort 35 Wireless Headphones
#10	Home	1	iRobot Roomba 650

*Amazon first-party (1P) sellers only.

Two sizes of the Instant Pot were the 1st and 3rd bestselling 1P item on Amazon in 2017, with the 8-quart model generating 40% of all annual unit sales during Prime Week alone. The #4 item, the Fitbit Charge 2, was the top Health & Personal Care item overall. Bose Wireless Headphones and the iRobot Roomba were also the top items in their product groups. This trend extends to toys (the Anki Cozmo robotic was a top toy this year) and even pet products (the Petcube Camera was #2 in Pets).

Taking existing everyday items and making them SMARTER has proven to be a huge competitive advantage for brands, and of course Amazon has found a way to capitalize on this. Amazon's Alexa, the voice-activated personal assistant originally developed for the Echo smart speaker, has helped drive a

boom in home automation. Alexa-enabled devices such as Nest Thermostats and Video Doorbells, and the TP-Link Smart Plug—the #1 item in Home Improvement—helped drive a 71% YoY growth in Amazon's Home Automation sales. In 2017, many leading brands such as iRobot and Philips integrated Alexa compatibility into their latest models. For example, this year's new Roomba 690 is Alexa-enabled and was the #20 bestselling 1P item overall.

This trend confirms Alexa as a major technology advantage in Consumer Electronics, Amazon's largest product group of 2017 at an estimated \$8.4B in sales.

#4. China and No-Name Brands

Between Amazon's private brands and the continued success of established heavy hitters like the GoPro, Roomba and Instant Pot, brands would be forgiven for thinking Amazon is a hard market to break into – but that couldn't be further from the truth. Amazon's endless shelf has created a huge opportunity for no-name white label brands to reach an audience.

Sellers that previously would have few options to compete are now experiencing a great deal of success with both 1P and 3P items. In 2017, the trend is the strongest in the electronics space, with most white label products currently coming out of China, but it's quickly spreading across product groups and is a major growth opportunity for emerging brands in 2018.

#5. Millennial Families

Every major trend we see across 2017 can be explained by the fact that more of Amazon's core demographic (millennials) are growing up: they're increasingly owning homes, raising children, and buying a TON of stuff to go with it. The bulk of the estimated \$5.5B in Home & Kitchen sales comes from young people – those who shop from Amazon the most – investing in their homes and in their families.

Millennials are now the [major furniture-buying demographic](#), driving a growth of 33%, and are the key audience in Amazon's Baby, Health & Personal Care, Kitchen and Home Automation product groups. Zinus markets its memory foam mattress to the needs of young couples who care about quality but may have both space and budget limitations, and in return its top item brought in 2% of Amazon's total Furniture & Mattresses sales. Google recognized that children who use screens from a very young age need a strong and reliable whole-household internet connection; and in return its Home WiFi System was the bestselling new item of the year.

Ultimately, success – for both Amazon itself and for brands that sell through the platform – comes down to knowing your audience. It's clear that Amazon catered to the right crowd in 2017, and the brands that correctly understood who their products were for – and who they were most useful to – are the ones that had a very good year.

In choosing only five trends, we've just skimmed the surface of Amazon's 2017, a year which also included international expansions, further steps taken into the brick-and-mortar space, and still more technological innovations. For more insights into the inner workings of Amazon, the latest ecommerce trends, and what makes products work on Amazon, keep following OCR's insights into the New Year.

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