THE STATE OF AMAZON

2022 REPORT
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The State of Amazon 2022 Report

AMAZON NET SALES BY SEGMENT Q3 2021

- ONLINE STORES: 45%
- SERVICES: 51%
- Aws: 15%
- Subscription Services: 7%
- Third-Party Seller Services: 22%
- Other: 7%

Source: Amazon

50%
RISE YOY IN AMAZON Q3 AD REV.
Source: Amazon

1.5M
ACTIVE SELLERS ON AMAZON
Source: Marketplace Pulse

75M
PRODUCTS SOLD ON AMAZON
Source: Scrapehero

34%
OF SELLERS INCREASED AD SPEND
Source: Jungle Scout

U.S. SEARCH AD REVENUE SHARE, BY COMPANY, 2021
% of Search Ad Spending

- Google: 56.8%
- Amazon: 19%
- Microsoft: 5.3%
- Yelp: 1.2%
- Verizon Media: 1.3%
- Walmart: 1.1%
- Iac: 0.6%
- Other: 15.8%

Source: Emarketer

AMAZON ADVERTISING REVENUE GROWTH 2019-2021

Source: Amazon

20 COUNTRIES WITH AMAZON MARKETPLACES
Source: Marketplace Pulse
The State of Amazon 2022 Report

**MARKET SHARE OF LEADING RETAIL E-COMMERCE COMPANIES IN THE U.S.**

- **Amazon** - 41%
- **Walmart** - 6.6%
- **Ebay** - 4.2%
- **Apple** - 4%
- **The Home Depot** - 2.2%
- **Target** - 2%
- **Best Buy** - 1.8%
- **Costco** - 1.6%
- **Kroger** - 1.4%
- **Wayfair** - 1.3%
- **Chewy** - 1%
- **Etsy** - 0.9%

Source: Statista

**AMAZON'S TOTAL NET SALES**

- **2017**: $150 billion
- **2018**: $200 billion
- **2019**: $250 billion
- **2020**: $300 billion
- **2021**: $350 billion

Source: Amazon

**TOP PLAYERS' MARKET POSITIONS**

- **Game Changers**: Amazon, Best Buy, Costco, Walmart, Target, Home Depot, Apple, Ebay, Etsy
- **Leaders**: Amazon, Ebay, Walmart, Target, Home Depot, Etsy
- **Niche Players**: Macy's, Shopify
- **Established Players**: Amazon, Ebay, Walmart, Target, Home Depot, Etsy

Source: Sellzone

**AMAZON TRAFFIC TREND 2019-2021**

- **Visits**
  - 2019: 1.8 billion visits
  - 2020: 3.6 billion visits
  - 2021: 4.5 billion visits

Source: Sellzone

**INVESTED IN BRAND ACQUIRERS IN 2021**: $12 billion

**NEW SELLERS JOINED AMAZON IN 2021**: 541,000

Source: Marketplace Pulse
Executive Summary

This report is meant to serve as a comprehensive “state of the union” for the Amazon marketplace. The following pages will help sellers better understand the current landscape, and inform their e-commerce strategy for the coming year. It does so by reviewing the biggest Amazon news and trends from 2021 and predicting how those events and trends will shape 2022.

Unless otherwise specified, all data is sourced from Kasprien and Sellzone, a toolkit for Amazon sellers designed by Semrush. A special thanks to Sellzone for their collaboration with us on this report.

Execute every day with passion.

KUNAL CHOPRA, CEO of Kaspien
About Kaspien

Kaspien is a leading-edge global e-commerce growth platform that helps brands sell more effectively online. Kaspien has spent more than a decade developing AI-driven software and end-to-end services to optimize and expand brands’ presence on Amazon, Walmart, Target, eBay, and other online marketplaces.

Serving thousands of brands, distributors, agencies, and FBA aggregators, Kaspien accelerates growth by tailoring its extensive suite of seller services to partners’ dynamic e-commerce needs. The Company has a long track record of success in its mission to become number one in GMV for marketplace services. Kaspien’s mastery of the e-commerce space and commitment to rapid innovation has earned the trust of partners such as 3M, Funko, Strider Bikes, and UNFI. For more information, visit kaspien.com.

About Sellzone

Sellzone is a powerful suite for optimizing and managing listing performance and pinpointing sales growth points on Amazon. Sellzone consists of seven tools focused on boosting visibility, growing traffic, improving conversions, and making the most of your ads.

Sellzone is brought to you by the Semrush team and its 13 years of experience in providing solutions for marketers. Semrush is trusted by over 7,000,000 users. For more information, visit sellzone.com.
2021
IN REVIEW
The E-Commerce Surge was Temporary

Amazon’s growth has realigned with pre-pandemic trending, as has U.S. e-commerce as a whole. The US Department of Commerce reported that e-commerce sales accounted for 12.4% of total retail sales in Q3 2021. COVID-19 triggered massive surges in online sales, but shoppers are now reverting to pre-pandemic buying behaviors. That said, consumer spend is up; it’s just up in both e-commerce and traditional retail.

We see the realignment clearly reflected in Amazon’s traffic, as reported via the Semrush Trends tool. Pre-COVID forecasts suggested that 2020 would be larger than 2019, and 2021 would be greater still. COVID reshuffled this steady growth and predictable market patterns, driving an 87% traffic surge to Amazon throughout 2020 that lasted up to January 2021. Since then, however, Amazon has experienced a slight decrease in traffic as the offline world started its slow but steady reopening.
By mid-2020, many analysts, journalists, and business leaders predicted that COVID-19 would accelerate e-commerce’s growth rate permanently. This expectation led many companies to set overly ambitious 2021 goals for themselves.

2021 IN REVIEW: The E-Commerce Surge was Temporary

It was tempting for many brands to assume a continued growth trajectory from 2020 into 2021. This combined with massive supply chain issues has made it difficult for many companies to hit their projected growth targets. With Amazon clamping down on many popular ranking strategies and continued supply chain issues, sellers on Amazon should consider these factors when crafting their 2022 projections.

ROBYN JOHNSON
CEO and Founder at Marketplace Blueprint
Direct Traffic is Down, but the Attribution Program is Up

Direct traffic to Amazon surged in early and mid-2020 as more consumers shopped online instead of in brick-and-mortars. As shoppers return to pre-pandemic behaviors, we see direct traffic and search traffic wane.

While direct and search traffic are down, we have seen strong and sustained performance in referral traffic. This can be traced back to Amazon’s Attribution Program.

Introduced back in January 2019, Amazon Attribution was designed to encourage sellers to bring more external traffic to the marketplace. And it seems that Amazon’s efforts are paying off.

If you’re curious about where your traffic is coming from, Sellzone has a tool called Traffic Insights designed to help sellers build the optimal channel mix for driving users from external traffic sources.

Comparing Q3 2020 traffic stats with Q3 2021, direct traffic plummeted by 31% while referral traffic grew by 9%.
2021 IN REVIEW: The E-Commerce Surge was Temporary

**DESKTOP & MOBILE TRAFFIC SHARE**

![Amazon Traffic Chart](source: SEMRUSH)

Amazon.com
Jan 2020-Oct 2021

- **54%** Desktop
- **46%** Mobile

**Desktop Traffic is Up**

The COVID-19 outbreak spurred many companies to implement work-from-home policies, resulting in increased desktop usage.

In early 2020, the majority of Amazon visitors shopped using mobile devices. Since the COVID breakout, desktop visitors have started dominating the Amazon platform.

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**AMAZON USER ENGAGEMENT METRICS IN 2021**

<table>
<thead>
<tr>
<th></th>
<th>All devices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Page / Visit</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td><strong>7.22</strong></td>
</tr>
<tr>
<td>-12.53%</td>
<td></td>
</tr>
<tr>
<td><strong>Avg. Visit Duration</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td><strong>13:32</strong></td>
</tr>
<tr>
<td>+5.18%</td>
<td></td>
</tr>
<tr>
<td><strong>Bounce Rate</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td><strong>35.31%</strong></td>
</tr>
<tr>
<td>+1.38%</td>
<td></td>
</tr>
</tbody>
</table>

**source: SEMRUSH**

**Shoppers Have More Focused Intent**

We can also see that pages seen per visit is down year on year. This reflects shoppers coming to Amazon for fewer product types than they did in 2020, likely because they have resumed buying certain products in stores. With fewer surfers, Amazon's bounce rate fell by 1.4%, and visitors started to spend 5% longer on Amazon per visit.
2021 IN REVIEW: The E-Commerce Surge was Temporary

Amazon Literacy Increased

While many of Amazon’s gains in 2020 appear to have been temporary, there were some lasting changes. One of them was the average level of Amazon literacy.

By Amazon literacy, we mean the baseline knowledge one has of Amazon, including features, tools, and strategies. The pandemic forced many companies to greatly expand their e-commerce operations in order to survive. They spent more time getting in the weeds with Amazon, and as a result, the average level of Amazon literacy has gone up.

Amazon Services are Larger than Marketplace

Amazon’s revenue composition also passed a notable milestone: In Q3 2021, revenue from Amazon services (advertising, AWS, third-party seller services, and Prime) collectively reached $55.9B, exceeding Amazon retail sales for the first time ever. Amazon is now more of a services provider than a retailer.

AMAZON NET SALES BY SEGMENT Q3 2021

- ONLINE STORES: 45%
- PHYSICAL STORES: 4%
- AWS: 15%
- SUBSCRIPTION SERVICES: 7%
- THIRD-PARTY SELLER SERVICES: 22%
- OTHER: 7%

Source: AMAZON
2021 IN REVIEW

Amazon Aggregators Raised Over $13 Billion

2020 sparked a massive influx of investment into companies that buy up Amazon-focused brands. In 2020, these FBA aggregators raised over $1 billion. In 2021, an additional $12 billion flooded the market, with the largest aggregator, Thrasio, claiming $3.4 billion of it.

The amount of money pouring into this market has inflated the price of Amazon businesses. As we head into 2022, the real test will be to see which of these companies are able to operationalize their capital to grow the brands they buy, especially as they face supply chain headwinds. Not all will survive.
The Global Supply Chain

A New Normal

Of course, we cannot talk about 2021 without mentioning the supply chain. Every link in the global supply chain was impacted by COVID-19.

Understandable fear of the pandemic, quarantines, caring for sick loved ones, deaths, inflation, and petitions for better working conditions and wages led to labor shortages across industries around the world. As a result, output in every link of the chain slowed: fewer materials were available, fewer factories were open, fewer ports accepted ships, etc.

This reduction in labor power was then exacerbated when retailers placed high volume orders from overseas, forcing fewer workers and already strained systems to handle higher workloads. And that’s just scratching the surface.

These challenges will not be resolved overnight. In all likelihood, they will take years to completely work through. The reality is global supply chain issues are the new normal for the foreseeable future. Amazon vendors and sellers must plan 2022 accordingly.

Amazon Doubled Its Warehouse Space

It’s not all grim news though. In Amazon’s Q3 2021 earnings release, CEO Andy Jassy stated, “we’ve nearly doubled the size of our fulfillment network since the pandemic began.” The increased warehouse space will alleviate some of the problems sellers face, but it is still not enough to meet consumer demand.

Amazon Air has 42 Locations

In addition to doubling the size of FBA, Amazon is also making strides in its air fleet. According to a DePaul University study in September 2021, Amazon Air operated out of 42 locations in the U.S., as well as one location currently in Leipzig, Germany. At the time, Amazon had 81 planes in its fleet, compared to 248 for UPS and 467 for FedEx.

All of these advancements are part of Amazon’s march to becoming the largest logistics provider in the U.S.
Amazon Ad Costs Rose

In 2020, the average cost-per-click (CPC) on Amazon plummeted as some sellers defensively reduced their ad spend, reallocating the budget to other business needs. In 2021, more sellers resumed advertising or increased their ad spend.

34% OF SELLERS INCREASED AD SPEND

source: JUNGLE SCOUT

This has led to a steady rise in CPC over the year, and a 26% increase in average CPC compared to 2020.

AVERAGE CPC FOR AMAZON ADVERTISING

source: KASPIEN

AVERAGE CPC BY MONTH

source: KASPIEN
Amazon is Curating Branded Experiences
Amazon added and expanded a host of new features in 2021, including:

- Retired the Early Reviewer Program
- Launched the Brand Referral Bonus Program
- Added more “Follow” button placements across Amazon
- Made it easier for shoppers to locate and shop by Brand Stores
- Added the “Manage Your Customer Engagement” tool for limited email marketing
- Added Amazon Posts to more placements
- Added Product Targeting option to more ad types
- Migrated capabilities to Sponsored Display Ads that were previously exclusive to Amazon DSP

These are just a handful of enhancements and additions to Amazon marketing in 2021, but they suggest an interesting trend: Amazon is focusing on creating branded experiences within the marketplace.

Why? Shopify’s massive success in 2020 proved to Amazon that shoppers and brands alike want more personalized shopping experiences. By adding more tools for branded experiences, Amazon feels like a digital mall where each store inside has increasingly more control over its look and feel.
2021 IN REVIEW
Top Products on Amazon

Electronics Dominated Product Searches in 2021

Electronics saw tremendous success in 2021, with Apple alone capturing 7 of the top 30 most searched for products in 2021. However, it’s clear that the pandemic’s consumer demand patterns are still strong almost two years later. Masks, desks, office chairs—all of 2020’s biggest winners—are still very much in demand.

TOP 30 MOST SEARCHED PRODUCTS ON AMAZON IN 2021

<table>
<thead>
<tr>
<th>Rank</th>
<th>Product</th>
<th>Sum (January 2021 - October 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>earbuds</td>
<td>19,834,579</td>
</tr>
<tr>
<td>2</td>
<td>iphone 11 case</td>
<td>18,782,148</td>
</tr>
<tr>
<td>3</td>
<td>pop it</td>
<td>16,778,133</td>
</tr>
<tr>
<td>4</td>
<td>ps5</td>
<td>16,470,090</td>
</tr>
<tr>
<td>5</td>
<td>bluetooth headphones</td>
<td>16,372,372</td>
</tr>
<tr>
<td>6</td>
<td>face mask</td>
<td>16,219,992</td>
</tr>
<tr>
<td>7</td>
<td>laptop</td>
<td>16,202,437</td>
</tr>
<tr>
<td>8</td>
<td>desk</td>
<td>16,076,340</td>
</tr>
<tr>
<td>9</td>
<td>apple</td>
<td>16,820,437</td>
</tr>
<tr>
<td>10</td>
<td>nintendo switch</td>
<td>18,590,996</td>
</tr>
<tr>
<td>11</td>
<td>iphone</td>
<td>16,538,389</td>
</tr>
<tr>
<td>12</td>
<td>apple watch</td>
<td>18,285,568</td>
</tr>
<tr>
<td>13</td>
<td>power bank</td>
<td>18,283,633</td>
</tr>
<tr>
<td>14</td>
<td>office chair</td>
<td>16,182,465</td>
</tr>
<tr>
<td>15</td>
<td>car accessories</td>
<td>16,000,914</td>
</tr>
<tr>
<td>16</td>
<td>fidget toys</td>
<td>17,966,184</td>
</tr>
<tr>
<td>17</td>
<td>portable charger</td>
<td>17,935,427</td>
</tr>
<tr>
<td>18</td>
<td>gaming chair</td>
<td>17,913,082</td>
</tr>
<tr>
<td>19</td>
<td>apple watch band</td>
<td>17,833,826</td>
</tr>
<tr>
<td>20</td>
<td>iphone 12 pro max case</td>
<td>17,786,583</td>
</tr>
<tr>
<td>21</td>
<td>shower curtain</td>
<td>17,753,441</td>
</tr>
<tr>
<td>22</td>
<td>led lights for bedroom</td>
<td>17,682,936</td>
</tr>
<tr>
<td>23</td>
<td>outdoor lights</td>
<td>17,633,907</td>
</tr>
<tr>
<td>24</td>
<td>ipad</td>
<td>17,593,976</td>
</tr>
<tr>
<td>25</td>
<td>iphone 12 case</td>
<td>17,493,249</td>
</tr>
<tr>
<td>26</td>
<td>lego</td>
<td>17,292,134</td>
</tr>
<tr>
<td>27</td>
<td>room decor</td>
<td>17,063,682</td>
</tr>
<tr>
<td>28</td>
<td>headphones</td>
<td>16,940,964</td>
</tr>
<tr>
<td>29</td>
<td>air fryer</td>
<td>16,896,085</td>
</tr>
<tr>
<td>30</td>
<td>crocs</td>
<td>16,869,241</td>
</tr>
</tbody>
</table>

source: SELLZONE
2021 IN REVIEW: Top Products on Amazon

Top Trending Products on Amazon in 2021 by Month

Using Sellzone’s Keyword Wizard tool, we looked at the top 12K most searched products on Amazon and compared their MoM search volumes to identify which items saw the highest monthly surges in interest.

MOST TRENDING PRODUCTS ON AMAZON IN 2021 BY MONTH

According to Sellzone Keyword Wizard tool

- **February**
  - **Smart weighted hula hoop**
  - +776718%

- **March**
  - **Slip on sneakers shoes for women**
  - +202220%

- **April**
  - **Bathing suit cover up for women**
  - +808478%

- **May**
  - **Glow in the dark tampons**
  - +664456%

- **June**
  - **Fourth of july shirts for women**
  - +1739864%

- **July**
  - **Nintendo switch oled**
  - +1100969%

- **August**
  - **Hula hoop 3lb**
  - +424358%

- **September**
  - **Iphone 13 pro max case magsafe**
  - +2545080%

- **October**
  - **Airplane launcher toy**
  - +72120%

*source: SELLZONE*
2021 IN REVIEW

Amazon’s Competitive Positioning

Now, let’s turn our attention to how Amazon has fared against its competitors since the start of the pandemic.

**Amazon Traffic vs Top Competitors’ Combined Traffic**

To benchmark Amazon’s traffic growth against the market, we’ve looked at the traffic stats of its 11 closest competitors.

Overall, Amazon’s traffic patterns appear to be consistent with the market’s, with its highs at the peak of the pandemic and a slight slowdown since January 2021.

There has been much talk about other marketplaces catching up to Amazon. Yet, none are even remotely close to matching Amazon’s average monthly traffic.

### TRAFFIC TO TOP RETAILERS

<table>
<thead>
<tr>
<th>Domain</th>
<th>Average monthly values</th>
<th>Share of market (of visits)</th>
<th>YoY change (2021/2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>amazon.com</td>
<td>2,891,416,67</td>
<td>46.0%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>ebay.com</td>
<td>916,908,491</td>
<td>14.6%</td>
<td>2.5%</td>
</tr>
<tr>
<td>walmart.com</td>
<td>744,592,821</td>
<td>11.8%</td>
<td>12.3%</td>
</tr>
<tr>
<td>target.com</td>
<td>324,527,095</td>
<td>5.2%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>homedepot.com</td>
<td>307,629,755</td>
<td>4.9%</td>
<td>7.2%</td>
</tr>
<tr>
<td>etsy.com</td>
<td>275,478,829</td>
<td>4.4%</td>
<td>17.7%</td>
</tr>
<tr>
<td>bestbuy.com</td>
<td>270,282,704</td>
<td>4.3%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>lowes.com</td>
<td>228,871,709</td>
<td>3.6%</td>
<td>16.9%</td>
</tr>
<tr>
<td>costco.com</td>
<td>116,594,513</td>
<td>1.9%</td>
<td>20.4%</td>
</tr>
<tr>
<td>walgreens.com</td>
<td>108,375,203</td>
<td>1.7%</td>
<td>64.4%</td>
</tr>
<tr>
<td>macys.com</td>
<td>105,371,774</td>
<td>1.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>shopify.com</td>
<td>42,422,480</td>
<td>0.7%</td>
<td>-33.9%</td>
</tr>
<tr>
<td>TOTAL (MARKET)</td>
<td>6,290,049,569</td>
<td>100.0%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

*source: SEMRUSH.TRENDS*
However, if we look at the Q3 2020 vs. Q3 2021 traffic numbers, we see that Amazon’s traffic decline exceeds that of the market: Amazon saw 23% fewer visits compared to the market’s 15% decline.

Looking at Amazon’s top 11 competitors, Amazon has a larger market share than the six next rivals combined. Yet considering a YoY traffic trend, it also witnessed the largest fall in visitors.

We can see that despite the slowing market, not all the rivals saw a negative trend in 2021. In fact, seven out of ten competitors managed to grow their market share, with Walgreens, Costco, and Etsy leading the way.
Shopify Surged

Shopify grew dramatically and is now the equivalent of 45% of Amazon’s GMV. Shopify’s success parallels what we previously discussed about Amazon literacy: Brands turned to e-commerce to keep their businesses afloat during the pandemic. They made direct websites, and quickly discovered their value.

Direct websites increase brand exposure and educate undecided shoppers about differentiating features. They also allow brands to test new messaging, collect buyer information that can be used for personas and retargeting, and of course, capture additional sales. Even outside of a pandemic, these are huge benefits that can be used to support other sales channels.

Target Grew Digital Sales by 29%

Target reported 29% growth year on year in digital sales in Q3 2021, strongly outperforming Walmart’s 8% and Amazon’s 15% increase in net sales.

Target’s success is particularly notable because it did not break into the top 10 U.S. e-commerce companies by market share until 2020. So, why is Target seeing rapid success, especially compared to Walmart, which has a similar framework for brick-and-mortar and e-commerce?

Target’s online marketplace has taken a much different approach than Amazon or even Walmart, setting very strict criteria for which sellers and brands can sell on its online marketplace. By carefully curating their selection, Target ensures that only quality sellers and products are offered on its marketplace. Target also permits only one seller per product. For vendors and sellers, this means they don’t have to worry about rogue sellers or counterfeit products nearly as much as they do on Amazon.

This sense of a curated and sometimes exclusive selection is also attractive to consumers - it brings them into physical stores too. Target has also done a superb job of scaling its buy online, pickup in store (BOPIS) program and created an easy-to-use app for mobile shoppers. Target is also less reliant on groceries for its sales, which has certainly contributed to its sustained growth compared to Walmart.

And of course, Target is newer to the online marketplace scene. Its growth rate will naturally outsize more established competitors whose growth rates are more mature.
2021 IN REVIEW: Amazon’s Competitive Positioning

Changes to Top E-Commerce Players’ Market Positions

In regard to market stance, the last two years have driven substantial changes in the Semrush’s Growth Quadrant of top e-commerce players. Some of the biggest callouts include:

Amazon turned from the market leader into an established player, which indicates that its market share is indeed large, but the growth rate is slowing.

Walmart also holds a leading position, so if you’re looking to move off Amazon, Walmart and eBay currently have the largest audiences.

eBay’s significant market share—it’s the second-biggest player in the industry—combined with faster growth helped the brand almost break into the leader position.

Costco, Walgreens, and Etsy moved from being niche players to game-changers. This means that Amazon should watch out for the three brands that are showing higher-than-average traffic growth and learn a thing or two from their growth tactics.
2021 IN REVIEW: Amazon’s Competitive Positioning

TOP PLAYERS’ MARKET POSITIONS AT END OF 2021


Game Changers
- walgreens.com
- costco.com
- bestbuy.com
- target.com
- homedepot.com
- lowes.com
- home depot
- macy's.com
- target.com

Leaders
- amazon.com
- ebay.com
- walmart.com
- target.com
- homedepot.com
- etsy.com
- bestbuy.com
- lowes.com
- costco.com
- walgreens.com
- macy's.com
- shopify.com

Established Players

Niche Players

source: SEMRUSH.TRENDS

TOP PLAYERS’ MARKET POSITIONS (YOY CHANGE)


Game Changers
- walgreens.com
- costco.com
- bestbuy.com
- target.com
- homedepot.com
- lowes.com
- home depot
- macy's.com
- target.com

Leaders
- amazon.com
- ebay.com
- walmart.com
- target.com
- homedepot.com
- etsy.com
- bestbuy.com
- lowes.com
- costco.com
- walgreens.com
- macy's.com
- shopify.com

Established Players

Niche Players

source: SEMRUSH.TRENDS
2021 IN REVIEW
Amazon Around the World

The map below showcases which countries Amazon.com traffic comes from. While it's evident that Amazon is clearly present across most of the globe, the biggest share of traffic comes from the U.S.

AMAZON.COM GEO DISTRIBUTION

source: SEMRUSH.TRENDS
2021 IN REVIEW: Amazon Around the World

Yet if we exclude the U.S., we see that the English-speaking countries make up the largest shares of the marketplaces’ traffic. Together, the U.S., India, Canada, and the UK account for almost 90% of all visits to Amazon.com.

AMAZON.COM TRAFFIC BY COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Traffic Share</th>
<th>Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>83.93%</td>
<td>63611166840</td>
</tr>
<tr>
<td>India</td>
<td>2.03%</td>
<td>1539626443</td>
</tr>
<tr>
<td>Canada</td>
<td>1.48%</td>
<td>1122977773</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1.15%</td>
<td>867839360</td>
</tr>
<tr>
<td>Germany</td>
<td>0.67%</td>
<td>504827790</td>
</tr>
<tr>
<td>Korea</td>
<td>0.63%</td>
<td>477156310</td>
</tr>
<tr>
<td>Australia</td>
<td>0.62%</td>
<td>469802903</td>
</tr>
<tr>
<td>Mexico</td>
<td>0.52%</td>
<td>393591798</td>
</tr>
<tr>
<td>Japan</td>
<td>0.51%</td>
<td>383509281</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.48%</td>
<td>369625300</td>
</tr>
<tr>
<td>Italy</td>
<td>0.40%</td>
<td>306861808</td>
</tr>
<tr>
<td>France</td>
<td>0.32%</td>
<td>244624874</td>
</tr>
<tr>
<td>Spain</td>
<td>0.29%</td>
<td>221022327</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.29%</td>
<td>216706836</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.27%</td>
<td>203647715</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>0.24%</td>
<td>179005159</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.23%</td>
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</tr>
<tr>
<td>Hong Kong</td>
<td>0.23%</td>
<td>174770942</td>
</tr>
<tr>
<td>Israel</td>
<td>0.23%</td>
<td>171680813</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.19%</td>
<td>146387966</td>
</tr>
</tbody>
</table>

source: SEMRUSH.TRENDS
It’s non-English-speaking countries, though, that show the highest growth rates for Amazon. Among the top 5 markets that bring in the largest traffic shares to Amazon (excluding the U.S.), during 2021, South Korea showed the fastest growth of 212%, followed by India (+25%) and Germany (+6%).

**TOP 5 MARKETS THAT BRING IN THE LARGEST TRAFFIC SHARES TO AMAZON**

<table>
<thead>
<tr>
<th>Amazon.com</th>
<th>YoY Change (2021/2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2.0%</td>
</tr>
<tr>
<td>United States</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Germany</td>
<td>6.4%</td>
</tr>
<tr>
<td>Canada</td>
<td>-2.4%</td>
</tr>
<tr>
<td>India</td>
<td>24.5%</td>
</tr>
<tr>
<td>South Korea</td>
<td>212.4%</td>
</tr>
</tbody>
</table>

*source: SEMRUSH.TRENDS*
GEO TRAFFIC TREND: TOP 5 COUNTRIES DRIVING TRAFFIC TO AMAZON OVER THE LAST 5 YEARS

GEO TRAFFIC TREND: TOP 5 COUNTRIES DRIVING TRAFFIC TO AMAZON SINCE 2020

source: SEMRUSH.TRENDS
2022 PREDICTIONS
Holiday Inventory Stuck in Ports May Result in Overstocks

With so many container ships still stuck at ports, there’s a risk that sellers will receive holiday inventory after the holidays. This means sellers will be stuck with high inventory and less demand than anticipated. Sellers will incur margin-eroding storage fees the longer they have this inventory, meaning they will need to liquidate inventory, tap into new sales channels, and/or find less expensive storage locations.

There’s also a risk of an overcorrection. After being frustrated with supply chain delays for so much of 2021, sellers may order larger volumes of inventory to provide more inventory coverage between restocks. If online sales slow, sellers may be stuck with excess inventory, tying up their cash and placing them in a high-risk position.

Sellers can alleviate some of the strain on their cash flow by recovering funds from FBA. Tools like Channel Auditor automatically identify inventory reconciliation cases, including those that Amazon misses. Channel Auditor has reimbursed over $6 million to Amazon FBA sellers.
2022 PREDICTIONS: The Global Supply Chain

Sellers will Diversify Their Fulfillment Networks

One of the biggest changes for Amazon sellers caused by COVID was diversification from FBA. Prior to the pandemic, FBA was by far the most cost-effective fulfillment method for Amazon sellers, and it came with key sales advantages, such as fast shipping, buy box preference, and the Prime badge.

However, COVID-19 overloaded the FBA network, and sellers were not able to store enough inventory at FBA to meet consumer demand. Sellers had to establish supplementary fulfillment methods to bridge the gap.

With supply chain issues expected to persist well into 2022, Amazon sellers will need to continue investing in diversified fulfillment solutions, such as dropshipping, third-party logistics providers (3PLs), and peer-to-peer (P2P) fulfillment.

Manufacturers will Diversify Sourcing

Likewise, sellers may need to consider diversifying other pieces of the supply chain, such as where they manufacture goods. China is an extremely popular location for manufacturing because China has developed a robust infrastructure around manufacturing, helping keep costs low.

I would encourage sellers to look at their current product packaging and see if there are changes that can be made to reduce packaging space and costs. Shipping costs are going to remain expensive.

ZACH ZORN
Owner of MoneyNomad.com
2022 PREDICTIONS

Costs Will Rise Due to Inflation

As of November 2021, the annual inflation rate in the U.S. was 6.8%, the highest it has been since 1982. Financial analysts and political pundits debate if the high inflation is temporary and what impact it will have on consumer spending.

Steven Pope, founder of My Amazon Guy, predicted, “95% of Sellers will raise their prices TWICE in 2022. That’s how bad inflation is right now. COGS are up, logistic costs are up, and so is the payroll.”

“Sellers should stick to the basics of growing traffic through PPC and SEO, and conversion through merchandising and design all within Seller Central. Avoid anything that can be perceived as rank manipulation as Amazon continues to crack down.”

STEVEN POPE
founder of My Amazon Guy
2022 PREDICTIONS
Marketplace Seller Services will Consolidate

Just as aggregators consolidated brands, their need to prove they can now grow these brands will accelerate the consolidation of the marketplace services sector. New aggregators may appear whose focus is on Amazon agencies and third-party sellers instead of brands, or existing brand aggregators may tap into brand service providers to help grow their portfolios.

Brand aggregators are having a tough time. The price to acquire brands has skyrocketed, and not all aggregators have the capital to go after larger brands. I predict that in the next 3-5 years, not more than 5 of the 70+ aggregators currently out there will survive. Most will either belly up or be acquired.

KUNAL CHOPRA
CEO of Kaspien
Amazon Advertising Costs will Continue to Rise

Despite inflationary pressure, Amazon advertising CPC has continued to climb in 2021. We expect that CPC will continue its recovery since 2020 into 2022, steadily rising year on year.

Robyn Johnson, notes that iOS updates may spur advertisers to reallocate their ad budgets:

“With the changes with iOS and Facebook, I think you will see more ad dollars being shifted to Amazon. This will raise CPC’s for many categories. This means to keep costs down, brands will have to continue to get more strategic in their ad spend and diligent with campaign structure.”

To increase conversion rates, sellers need excellent creative assets, such as images, videos, and infographics. It doesn’t matter how many shoppers ads can send to a product detail page if the creative is bad.

Sellers can further mitigate rising costs by diversifying their ad types to include Sponsored Display Ads, Sponsored Brand Videos, and use product targeting in addition to keyword targeting.

Last but not least, Amazon advertising software like Kaspian’s AdManager will be key for automating optimizations, ensuring that campaigns perform at peak performance 24/7.

In 2022, I think we’ll continue to see CPCs rise as more and more institutional money (over $12B as of November 2021) is raised and put into buying, then running Amazon stores. Conversion rate increases will be pivotal to avoiding the rising advertising costs, logistics costs, and manufacturing costs.

JACOB GRAU
Partner at Proventus
2022 PREDICTIONS: Amazon Marketing

Sponsored Display Ads will Surge in Popularity

In October 2021, Amazon added features to Sponsored Display Ads that had been previously exclusive to Amazon DSP – a service that came with a $35,000 price tag. By adding DSP features to Sponsored Display Ads, Amazon has opened the door for hundreds of thousands of sellers to run display advertising.

Quin Amorim, Founder of Prolific Zone Agency, predicts this will be a big trend in 2022: “In my opinion, the biggest trend in 2022 is not a product or a category, but instead it will be the release of a seller-managed DSP. Having an advertising dashboard where each seller can manage their own ads to and from Amazon, or being able to pixel the traffic in order to retarget them in case they didn’t buy our product or a competitor’s.”

Video will Become More Important

Amazon has been steadily adding more video services to its portfolio, including videos in product listings, Sponsored Brand Videos, Amazon Live, and video ads on Twitch.tv. We expect Amazon will continue expanding these video services, especially as TikTok, Instagram Reels, and YouTube Shorts reinforce the popularity of short-form video content.

Shannon Roddy, founder of Marketplace Seller Courses, agrees, commenting that, “I believe one of the biggest opportunities for brands and sellers on Amazon in 2022 is going to be the use of live video. Amazon Live is continuing to grow in popularity and its uncanny ability to help launch new and innovative products, boost current product sales and build brand reputation is unparalleled.”

Video will allow sellers to move away from relying on a strictly CPC model of sales acquisition (especially as those CPC’s continue to rise due to increased competition) but also have the ability to add social proof and added visual explanation, increasing conversion rate in addition to ensuring that customers have a better end-user experience leading to more positive product reviews.

SHANNON RODDY
Founder of Marketplace Seller Courses
2022 PREDICTIONS: Amazon Marketing

Voice Search will Become More Important
Dan Saunders, e-commerce Channel Manager at Stanley Black & Decker, predicts that voice search will continue to pick up momentum in 2022:

“Amazon is really pushing its vendors and sellers to try Alexa ads, and it’s really pushing its buyers as well. Voice search in e-commerce is on the rise (not as much as people think, but it still is). The best way to win this and increase your NTBS, share of voice, and CTR is with an Amazon Choice tag.”

Amazon will Curate a Social Media Experience
As Amazon rolls out more branded experiences on its platform, it’s beginning to take on aspects of social media. Amazon Live, Amazon Posts, Brand Stores, and the Attribution Program all blend a commercial and social landscape.

Liran Hirschkorn, CEO and founder of Incrementum Digital, advised,

“Expect to be able to connect with followers more closely on new product launches and deals, and for followers to see more of your content as they browse Amazon. The adoption of attribution will increase dramatically as more brands enroll in brand referral bonus and drive outside traffic into Amazon. If you aren’t driving outside traffic now, in a year from now you will.”
2022 PREDICTIONS: Amazon Marketing

**Brand Stores will be Key for Credibility**

Brand Stores in particular will be important heading into 2022 as shoppers become more aware of counterfeits and disreputable sellers on Amazon. They will increasingly look to Brand Stores as a sign of a more established and reputable brand.

Colby Almond, Director of Online Marketplaces at ViscoSoft, Inc, said, “In my professional opinion I believe all sellers should begin treating their storefront as they would their own website. Amazon has provided new and useful modules, metrics, and attribution features that allow sellers insights into their storefronts.”

To make the most of their storefronts, Almond recommends sellers to, “Test different navigation options and modules to improve your conversion rates over time. Many sellers are also seeing great success in driving off-Amazon traffic to their storefronts and taking advantage of the attribution analytics to rationalize the spend. Amazon has spent a lot of time and money improving the storefront experience and I expect to see that focus increase in 2022. Be sure your brand isn’t left behind.”

**Sustainability will Receive More Focus**

Anticipating more consumers focusing on sustainability as climate change increasingly enters mainstream media, Amazon has made sustainability a core focus in its public messaging for several years now. On the marketplace, brands can apply to join the Climate Friendly Pledge program to get a badge on their listings and appear on select pages.

Will Haire, CEO and founder of BellaVix, also notes that sustainability will become part of brands’ value proposition:

“Sustainability, diversity, equity and inclusion are among the top issues that are important to consumers. As brands seek to differentiate themselves in the market, as well as Amazon launching a program around sustainability and social issues, brands that are actively aligned with these causes will benefit.”

**Consumers want something unique and local to help sustainability, so shopping on the direct website will increase.** This will give shoppers the sense of helping the environment. Amazon is already ahead of the game displaying the “Climate Pledge Friendly” badge on products.

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**PRABHAT SHAH**
E-Commerce and Digital Marketing Consultant at Daytodayebay
Conclusion

The global pandemic sparked many changes in e-commerce, some temporary and others not. Agility, automation, and diversification in every part of the business became even more critical, and they remain so heading into 2022. One thing that hasn’t changed is the breakneck pace at which online marketplaces evolve. For better or worse, there is never a dull day.

Vendors and sellers that need assistance with any piece of integrating Amazon more fully into their brand strategy can reach out to Kaspian for assistance at kaspian.com and Sellzone at sellzone.com.