

NIQ

**Two ways to put
granularity to work
for measuring
market share
on AMZ.**



Table of Contents

01

Introduction

02

Why standard technology for estimating market share on AMZ is ineffective

03

Two ways granularity is a precondition for acquiring accurate category-wide sales on AMZ—and how to put them to work

1. Frequent data collection

2. Granular sales data split

04

Conclusion

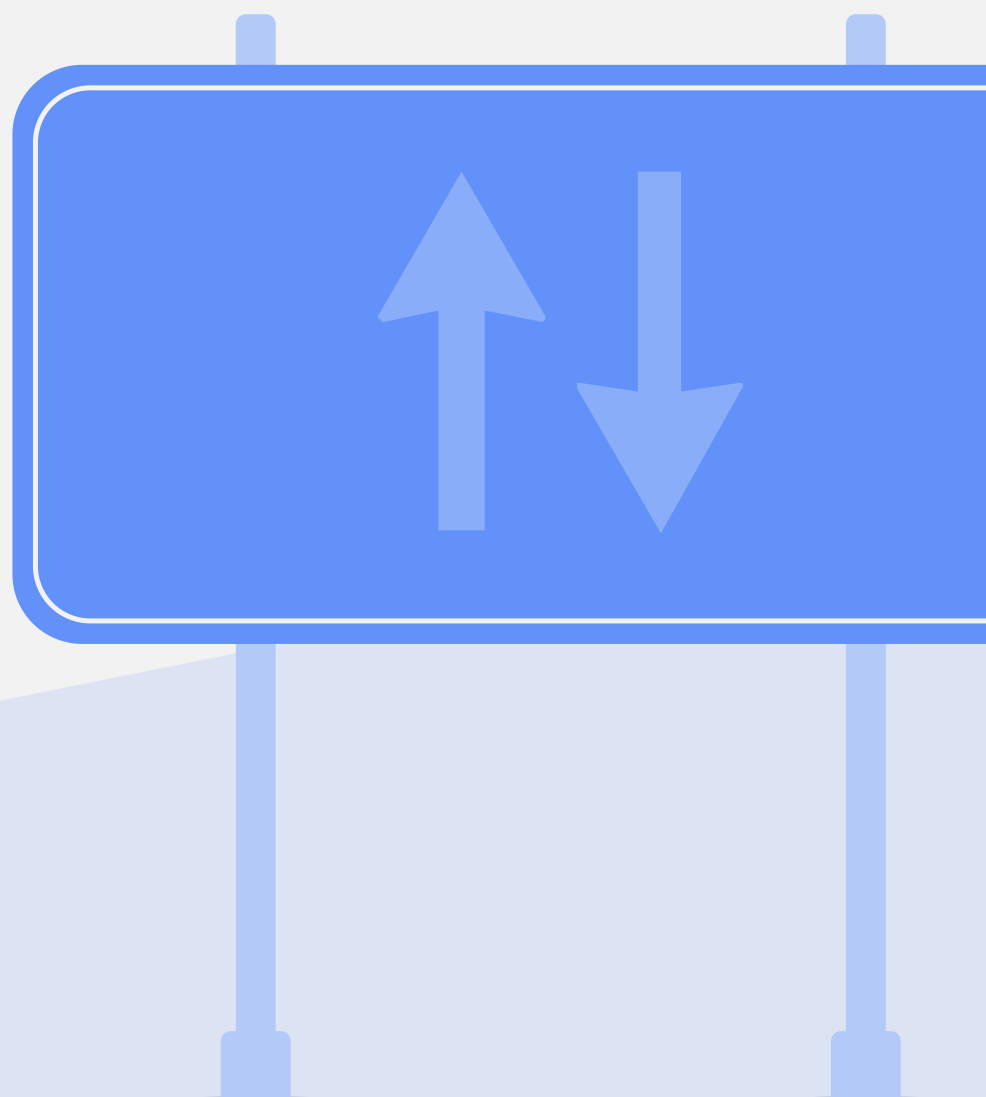
Introduction

According to AMZ's 2023 investor report, it generated **\$514 billion** in net global sales in 2022. No other online retailer comes close to that in the US, and this commanding position has **two consequences** relevant to estimating market share.

The first is that as the platform continues to grow, it becomes increasingly complex and thus increasingly difficult for CPGs to understand their relative performance on it. **Second**, AMZ's dominance allows it to operate in a unique way.

Brands can't take a typical market share measurement approach with AMZ because it operates differently.

In this guide we'll look at two ways granularity can, and must, be applied to AMZ measurement to get a reliable category-wide sales estimate.



Measuring **the entire category** is key because it shows brands how their competitors are performing and what portion of the market all players—including themselves—have. AMZ provides brands with a range of data, including their own sales results, but not competitor's.

In addition to granularity, machine learning (ML) is necessary for measuring AMZ market share. To see how to use ML to succeed on AMZ, see the explainer **"How to accurately measure market share on AMZ"** on our website, dataimpact.io.

Before we look at how to use granularity, let's briefly examine the recent changes to AMZ that make granular measurement a must.



Why standard technology for estimating market share on AMZ is ineffective.

The technology that was created not long ago to measure category-wide sales on AMZ is now outdated. There are two primary reasons for this.

The first is a recent change to AMZ's functionality. As mentioned, the AMZ model is already thoroughly original yet one new feature in particular:

The "sponsored product" has significant impact in how the platform operates.

This feature regularly shifts the top products in search results.

Many brands invest in this media format because it gives their products unmissable visibility.

This has two effects. The first is that these changing search results have a major impact on sales. The second is that because the sponsored products change often, tracking sales figures accurately can be challenging.

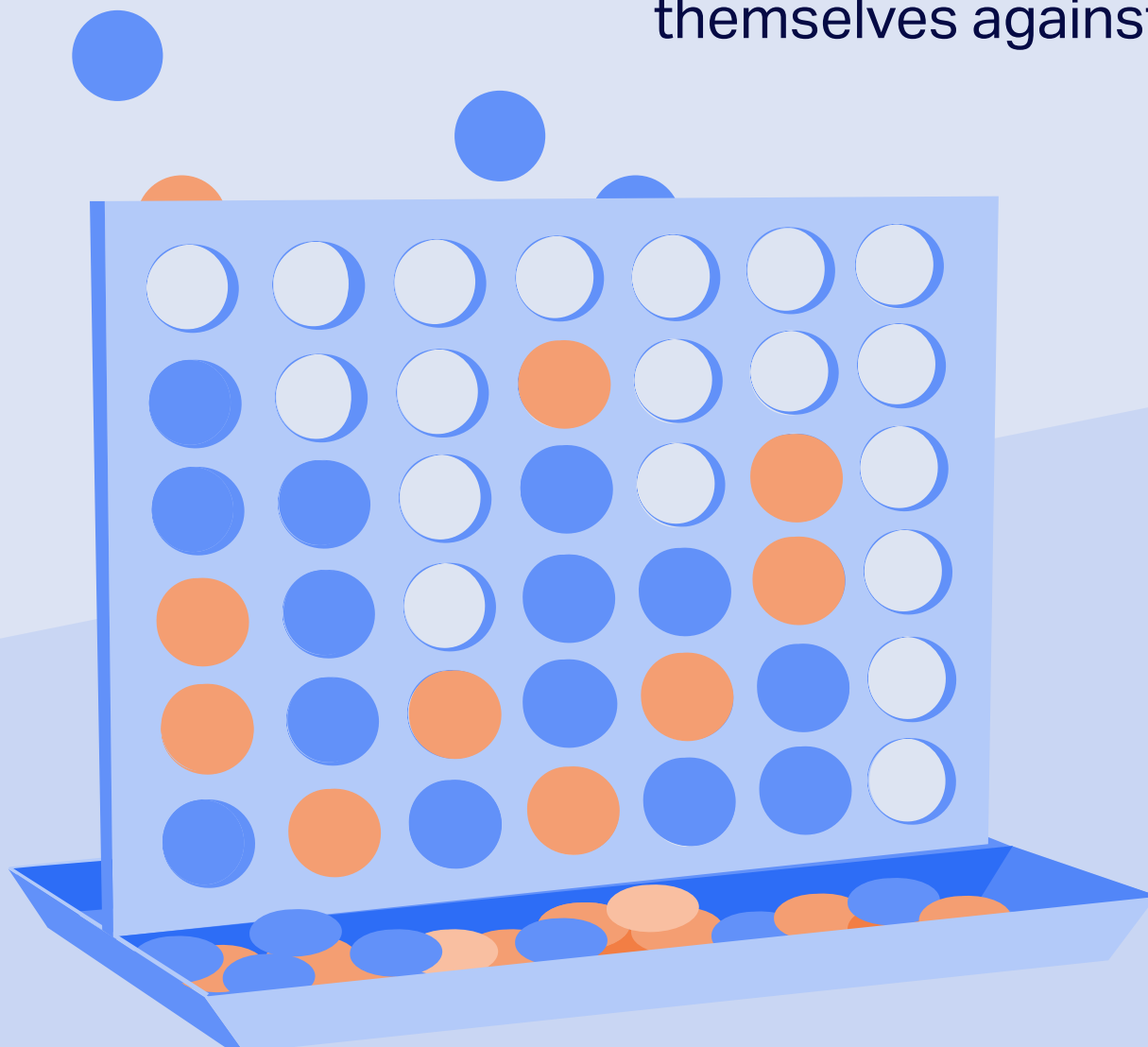
The other recent change to AMZ that renders old tech outdated is a new, more complex algorithm. The traditional method of analyzing sales figures, called statistical extrapolation, no longer works. That method used only sales rank to predict sales, but now more data signals are required.

Two ways to use granularity to measure market share on AMZ

1/ Frequent data collection

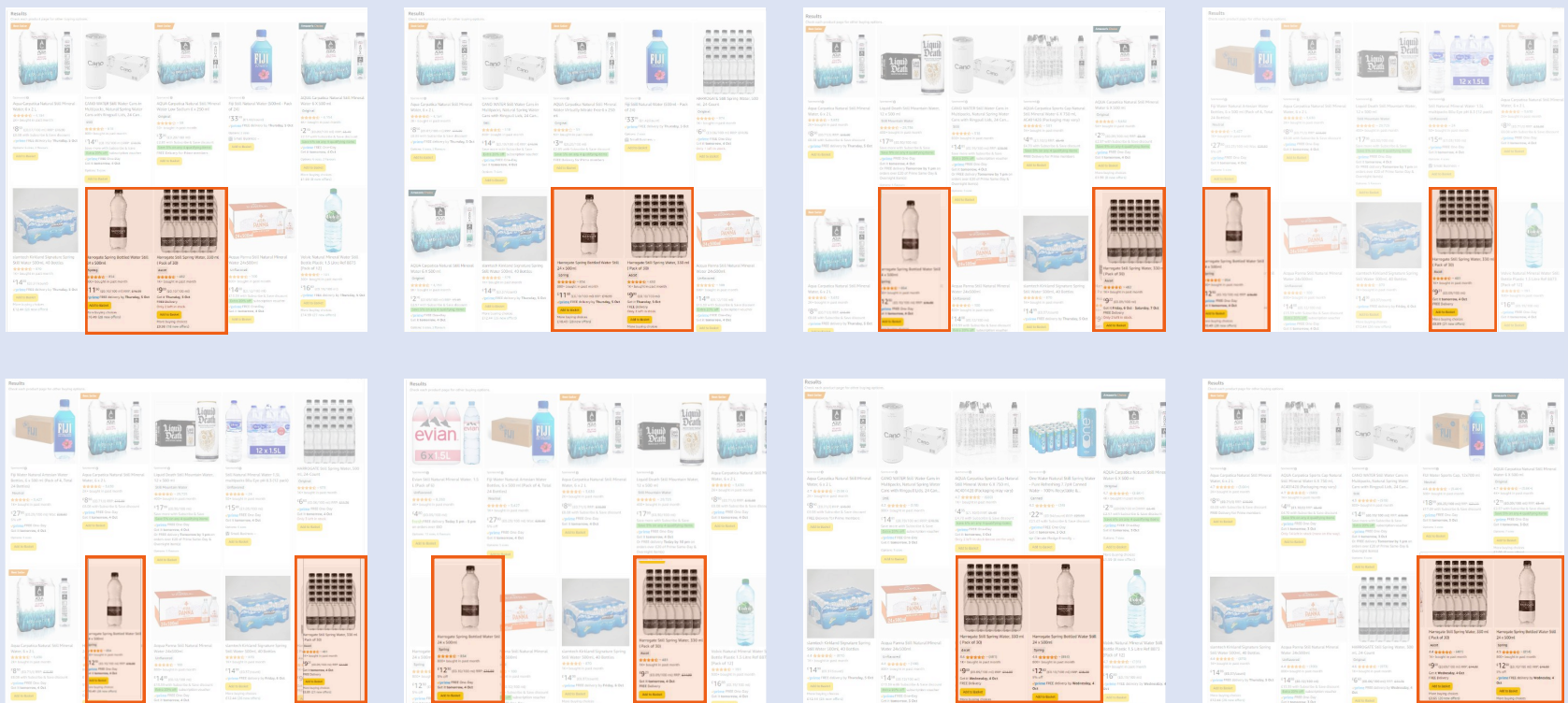
AMZs entire ecosystem is highly dynamic. Much of this activity occurs in the background and some of it is visible such as the constantly changing search and sales rank, as mentioned.

High-frequency collection is essential for capturing this changing data and translating it into market share. The most recurrent automatic collection possible will provide the most accurate data that brands can reliably benchmark themselves against.



In the following example two products change search rank eight times in a three hour period.

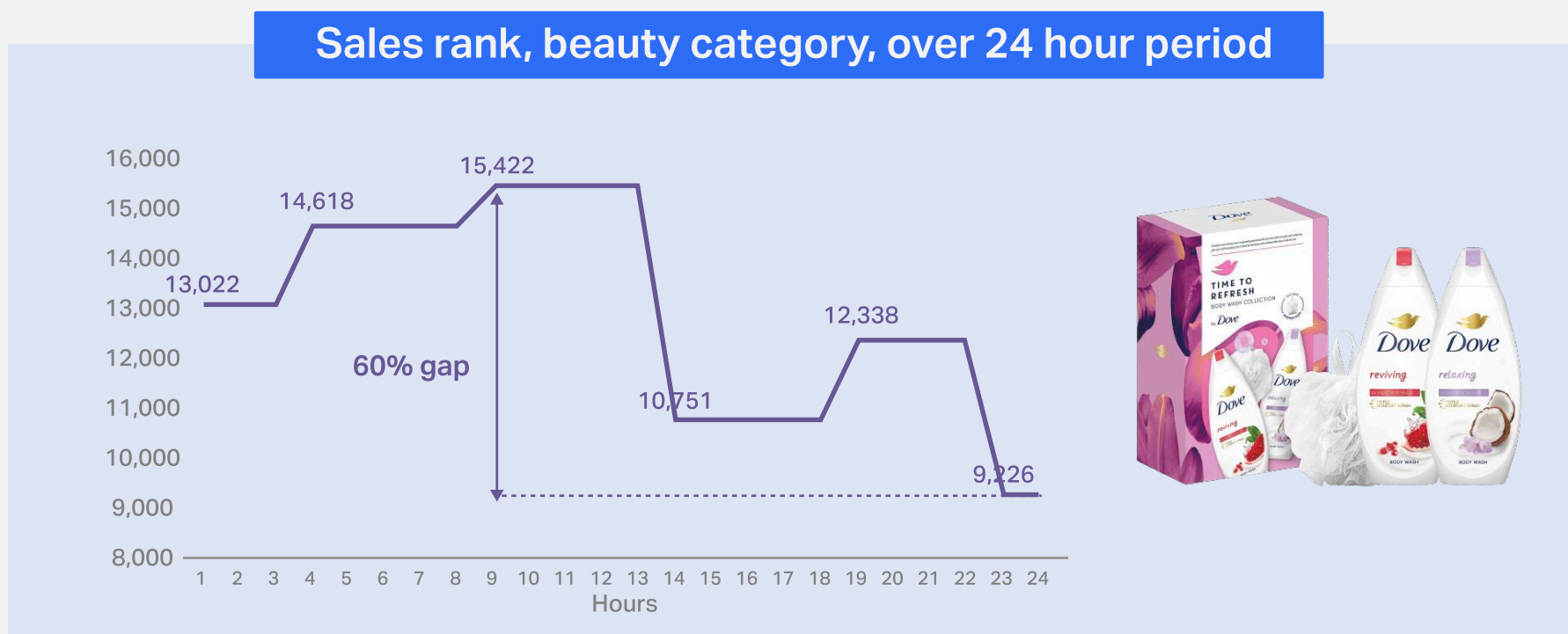
Search results for 'still water', 1pm-4pm, Amazon UK



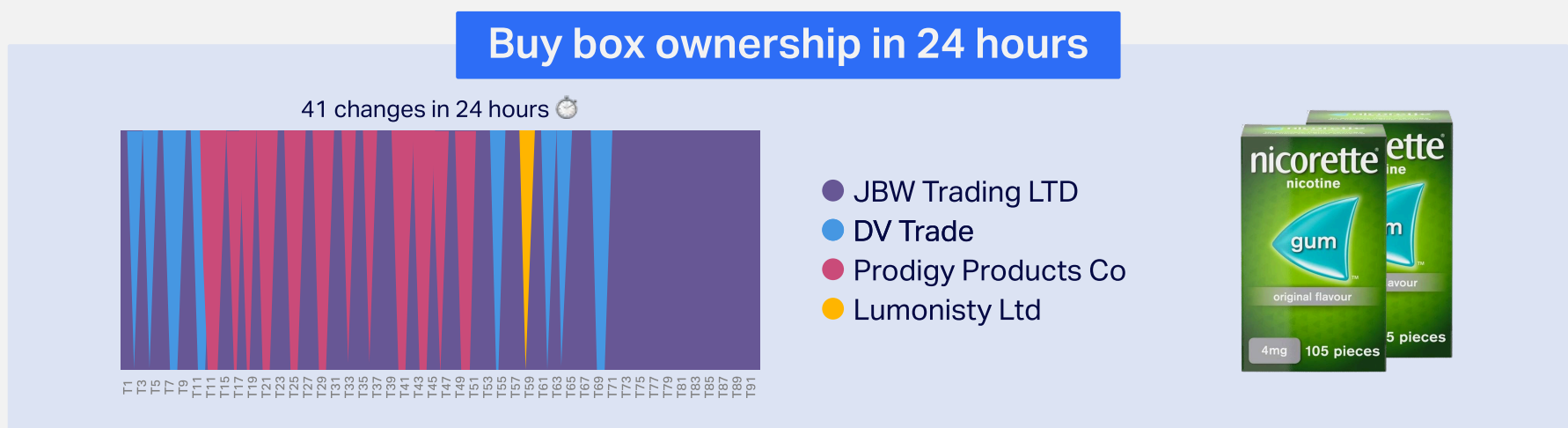
The third party (3P) market is significantly larger than first party (1P) on AMZ and continues to grow.

This means that sponsored products/ search results will likely get increasingly dynamic, augmenting the need for granular--that is to say frequent--data collection.

As mentioned, not only does search rank change often on AMZ, so does sales rank. The following example shows that in a thirteen hour period, a product can have a 60% change in sales rank.



Yet another way AMZ has become more complex is how often the Buy box, aka Featured Offer, changes hands.



All these dynamic data points that influence product performance must be captured for estimating market share. Sales rank alone can no longer be the sole data point used to measure sales, and since changes occur frequently, they must be captured often.

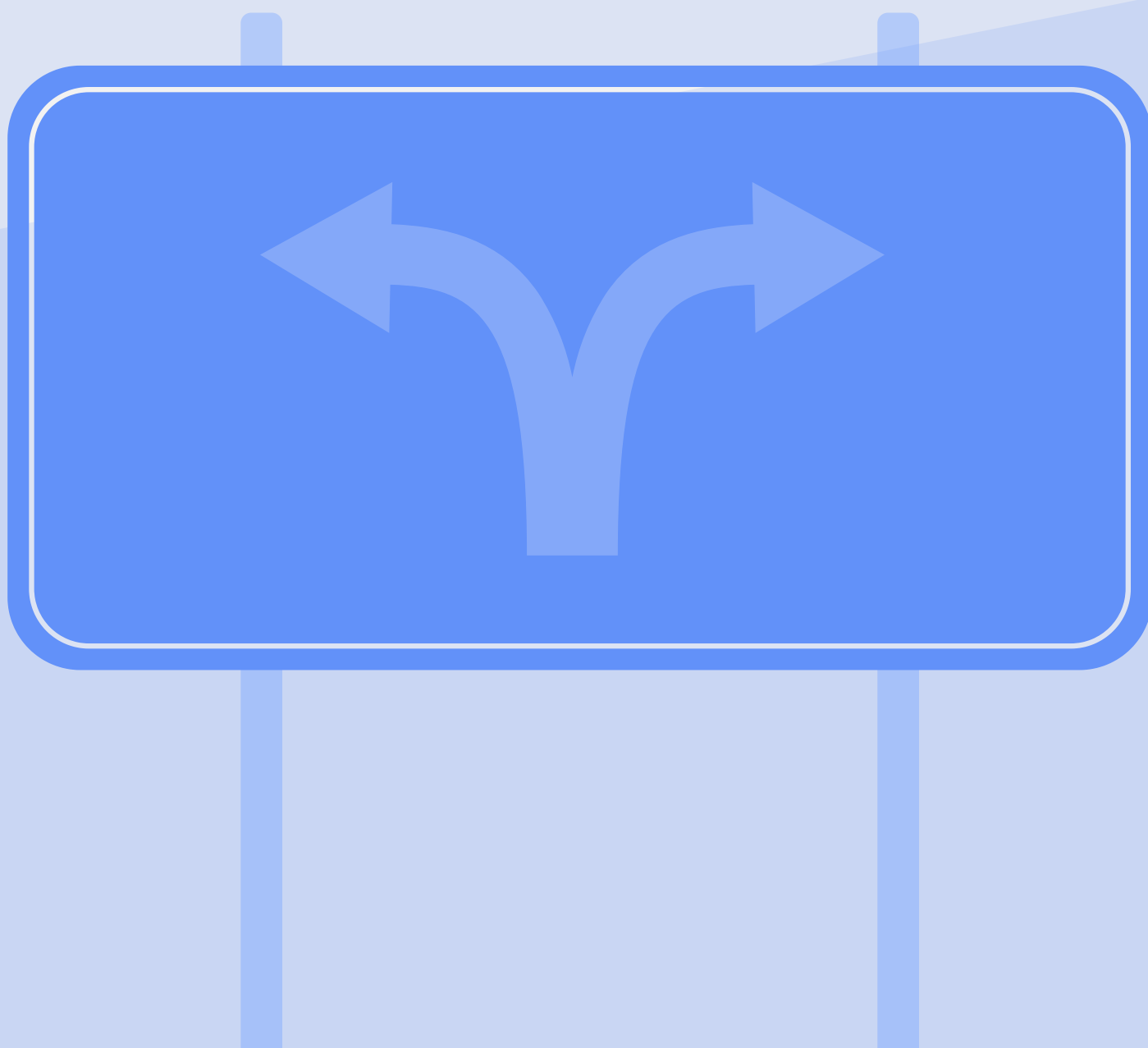
Two ways to use granularity to measure market share on AMZ.

2/ Granular sales data split

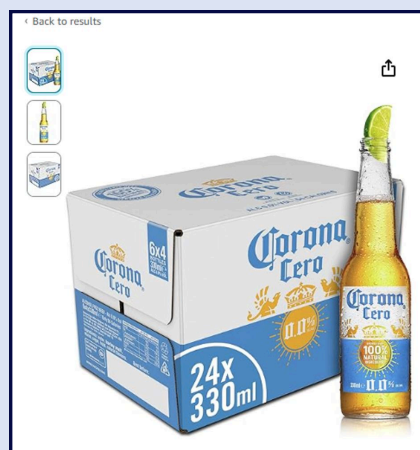
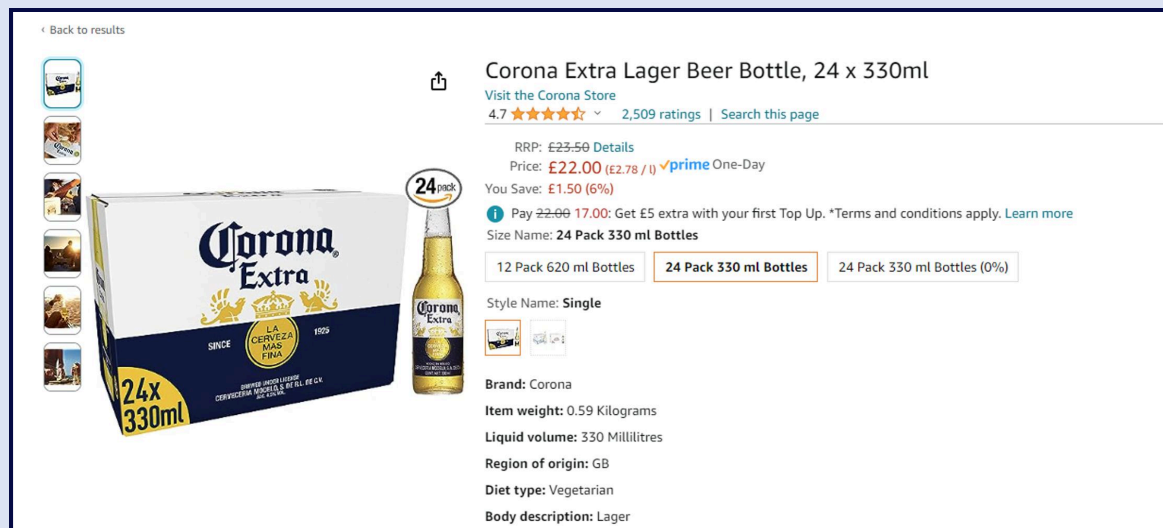
Like all other retailers, AMZ carries popular products which have offshoots.

The main products are called parents and their offshoot variations, children.

On AMZ, the parent product's sales rank is also assigned to the child product, even though the child product has a different sales rank.



Parent ASINs mask the true sales rank of child products, leading to inaccurate estimations



469 in Grocery (See Top 100 in Grocery)

2 in Lager

A parent/ child data split is necessary to allow CPGs to distinguish the performance of their different products and those of competitors. The sales rank of all their products must be separately tracked. This can only be achieved by collecting the data on every ASIN (AMZ's method of identifying individual products) across all categories and subcategories.

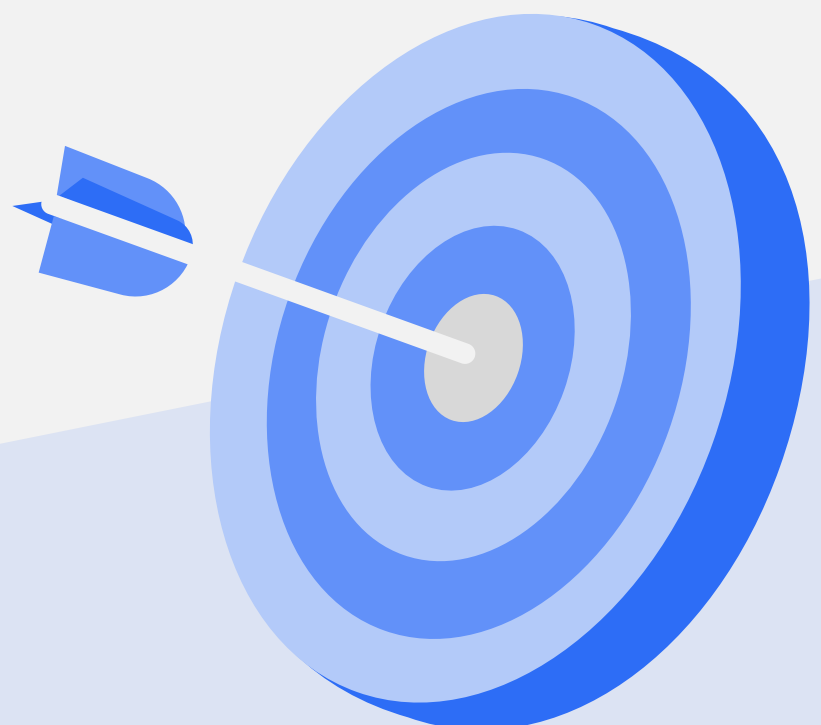
Conclusion

An enormous number of new products arrive daily on AMZ. As it continues to grow and its dynamic eretail media model becomes even more popular, CPGs can't ignore all these moving pieces. Approximately 80% of all products change sales rank at least once a day.

New market share analytics are required for brands that want to benchmark their sales against competitors on AMZ, and they must be robust enough to handle the intensified activity that occurs during crucial events like Prime Days and Black Friday.

The cascade of data-driven decisions and investments CPGs make based on their AMZ market share measurement makes granular accuracy critical.

P.S. granular analytics doesn't mean more complexity, it means more accuracy!



Our new AMZ Sales & Share analytics are the most accurate in the industry, benchmarking your sales against competitors at a child ASIN level.

Drop us a line today to learn more!
digital-commerce@nielseniq.com

