

Why advertisers should keep an eye on Amazon Fresh

Article

Amazon Fresh, despite failing to gain traction with its brick-and-mortar endeavors, is trying to assert itself in the grocery space. Its customer base, though much smaller than competitors like Walmart and Target, is attractive to consumer packaged goods (CPG) advertisers because those shoppers are open to trying new products.

“There might be an existential question around the Amazon Fresh brand, [but] it's not necessarily something that advertisers should completely dismiss when they're thinking about allocating dollars into the retail media space,” our analyst Blake Droesch said on an episode of the [“Behind the Numbers” podcast](#).

Here are three reasons why Amazon Fresh’s digital audiences and revamped store strategies are ones to watch for advertisers.

What’s new? Amazon Fresh customers show a willingness to explore new products, making them a receptive audience to introduce emerging brands or newly launched items.

- Nearly half (48%) of Amazon Fresh buyers try new grocery products when shopping online at least twice per month, according to our survey.
- Although only 18.6% of US digital grocery shoppers have used Amazon Fresh in the past year, those customers are more likely to shop frequently and try new products.

Reaching the right customers: Whether CPGs advertise on retail media networks (RMNs) is a question of quality over quantity.

- Traffic quality is the highest ranked attribute in a RMN, according to an Insider Intelligence poll of CPG advertisers, followed by return on ad spend and targeting capabilities. All three attributes ranked higher than traffic scale.
- “Amazon’s digital traffic dominance will be difficult to dethrone, but omnichannel RMNs have an in-store advantage,” wrote our analyst Andrew Lipsman in our [CPG Retail Media Networks Perception Benchmark 2023](#) report.

In-store investments: Amazon Fresh’s small physical footprint has held it back from building a successful omnichannel grocery business, but its recent plans could address that.

- “[Amazon Fresh] is trying to foster a warmer and overall more human vibe, with less of an emphasis on the walkout technology that they've been pioneering and more of a store that's based around selection and convenience,” Droesch said.
- Amazon Ads received the No. 1 spot on first-party consumer insights among CPG retail media networks, per our survey, but the No. 5 spot on omnichannel sales data.

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