

## Hybrid 1P/3P Strategy Results




Iconic household Beverage Brand broadens its range, trials new products & launches innovative product bundles via 3P that dramatically boost sales whilst protecting its existing 1P product availability and sales volumes on the channel.

### Background

The Brand's existing 1P Amazon strategy was working, however, the long term impact on overall business goals wasn't as expected. While they leveraged Amazon's high traffic volumes to reach new buyers and grow sales, they were finding it increasingly difficult to manage their presence on the channel.

Amazon is selective about the SKUs they carry, ensuring they sell the most profitable. That led to reduced or no orders of certain ranges. No stock availability means no sales and the brand was unable to meet customer demand.

### Challenges

-  **Stock outs:** Amazon was not purchasing adequate inventory across all SKUs, so certain ranges were sometimes out of stock
-  **No New Product Launches:** Lack of previous sales data available to Amazon so deemed too risky
-  **Lost control over pricing** on certain ranges causing channel conflict

### Luzern Solution





Luzern worked with the brand to introduce a new way of working with Amazon. Luzern was deployed as its 3P (Amazon Marketplace Seller) enabling Luzern to sell on the brand's behalf. We worked with them to understand business objectives and expectations around their Brand, product range and online sales goals.

A key part of this was to understand their assortment strategy, what they currently sell to Amazon and assess where a different

approach could support the brand, its pricing strategy and, ultimately, how they could drive more online conversions.

By combining expertise assessment and Luzern's platform, we were able to gain back control of pricing to ensure it adhered to their desired pricing strategy and very quickly turned around their dropping sales numbers.

### Key Results

-  All product ranges available to customers at all times – **ZeroStock outs** achieved through using Luzern's Stock Fore-casting and Planning
-  Luzern created the virtual bundles that the customer loved, and **doubled sales volumes** on certain SKUs
-  **Massive increase in sales of new ranges** – The ability to broaden the product ranges resulted in a surge in online sales, with some seeing increases of up to 60%
-  Full catalogue management – All products listed & optimised by experts

**100%** Reduction in Stock Outs

**27%** Increase in Sales Revenue

**30%** Average Increase in Margin

**100%** SKU Coverage

**35%** Increase in Margin Coverage

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