

**Gavin:** Amazon pulled listings off of Google Shopping. What was the actual impact that you saw for brands?

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**Narrator:** This is AdLab: Performance Marketing dissected, decoded, and delivered.

**Gavin:** Hello to the listeners. We are back in the AdLab. I'm Gavin Flynn and we're kicking off season two with the topic that's becoming impossible for e-commerce brands to ignore. What platforms are actually controlling product discovery today? Even just a few years ago, most shopping journeys started on Google, but now we're in a different space. You've got Amazon AI search, ChatGPT and Microsoft Copilot, and a growing list of other platforms all competing to become the place where consumers start their search.

### Hot Headline: Microsoft Brand Agents

**Gavin:** So later in the show, I'm going to be joined by LP's Craig Panozzo, and we're going to be breaking down what he's seen from the Amazon side of that shift and what that means for brands moving forward. But first, let's get into this week's hot headline regarding some news from Microsoft. Joining me is Cam Marsella, Director of Paid Media Development here at LP.

**Gavin:** Cam, thanks for coming on.

**Cam:** Thanks for having me. Excited to be here.

**Gavin:** So we're going to be talking about Microsoft brand agents today. And Microsoft's been betting pretty big on the brand agents over the last few months. First, for the listeners, what is a brand agent and why should marketers be paying attention right now?

**Cam:** Yeah, they are, exciting new feature that is wrapped into the conversion rate optimization platform of Microsoft called clarity. So it's really a conversational AI shopping assistant that lives right on your website. Think of it as if it was a, sales rep in your store, but on your website. So instead of a static chat bot that's living on your website that maybe knows just some basics about your shipping policy or return policy, stuff like that.

**Cam:** This really has understanding of your live products, data, and your business and can reflect, your business, branding and such. So you're able to directly represent your brand to the customer interacting on your website.

**Gavin:** What's a real example of how a shopper might use a tool like this to find the product they're looking for?

**Cam:** Yeah, I think that is the number one way that this is being used, from what you can see from, data insights on clarity. So, it's very commonly you'll see something like, what hats do you have that are offering the best sun protection and UPF protection. Right. And it's these, search strings that are nice and long with a lot of detail about the customers looking for as if they were engaging with their own, ChatGPT, whatever it may be.

**Cam:** Which shows that, they're already very comfortable with these long framed questions. But now it just constrains it right to your business, and doesn't send it to your competitors.

**Gavin:** What I was also excited to see was the add-to-cart function that lived in the interface. I actually put in a few fun prompts on a brand called Village Hats, and I was giving it pretty general questions around, hey, I'm a 32-year-old male. I usually wear baseball hats, and it was spitting out really good recommendations, and I was able to hone it in based on size, color, and a few other items.

**Gavin:** Actually found it pretty easy to interact with. Now, the main thing that brands care about when they're implementing into a tool like this is metrics, signals, and reporting. You can have a suite in your tool, but the real question is how is this impacting user behavior? What signals are metrics are you using to evaluate if this tool is working on a site?

**Cam:** It's a great question. Yeah, I'd say the two main ones to be looking at are going to be your conversion rate. Looking at the uplift there and then looking at your average order value. So basically just saying, does this help add-to-cart, and actually make the purchase. What does that look like versus users that didn't get the experience of, interacting with the brand agent?

**Cam:** And then for those people that did make purchases via brand agent, did they spend more? Did they spend less? You know? So far, we've seen great results in those two directions. But I'd say those are the two guidelines to be looking at as far as success.

**Gavin:** Which is good to hear because sometimes it's hard to parse through some of the tools and data that lives within the tools now. I've also heard that setting it up is relatively streamlined. How long have you seen it take to actually have one of these installed on a site?

**Cam:** It's truly just a matter of minutes. And you can make it as easy or, as in-depth as you want to go, So, adding it to your Shopify website, it's pretty simple as just adding clarity, opting in to, the brand agents. And then, from there they'll scrape your website, the product data, all that themselves.

**Cam:** The next step you can then take is do some of the brand customization for it of, what messaging to the do you want the brand agent to take, some logos, some color, schemes, stuff like that, to be more aligned with your brand. So you can go to very plug and play or you can go to, pretty easy to set up customization as well.

**Gavin:** If a brand wants to start getting the ball rolling on getting a brand agent on the site, how do they get started?

**Cam:** Yeah. If they already work with LP. The good news is we do have a web analytics team that can set you up for free. So we'll handle the installation, and then you can have your account manager, do some of that brand customization with, making sure that it's aligned with, your brand and the visuals that you like to have and the messaging you like to have.

**Cam:** If you don't work with LP, we're happy to do a free audit and get you situated as well. And, provide any other feedback you might be looking for. But it's a pretty easy installation through Shopify if you want to do it yourself. And once again, reach out if you have any questions about it.

**Gavin:** So, Cam, thanks for sharing some insight for a guy who's actually worked with the tool. Yeah. Thank you so much for coming on. I appreciate the time.

**Cam:** Absolutely. It's my pleasure.

**Gavin:** That was awesome. Shout out to Cam for sitting down walking through the brand agents. The big theme here is that shopping behavior is changing fast. Consumers have more ways than ever to discover products, and brands have more places to compete for attention, including informational searches on DTC websites. So that's a nice transition in today's conversation with Craig Panozzo.

**Gavin:** So he's helped build out LP's Amazon division and spends every day helping brands compete in one of the most competitive marketplaces in the world. So in the conversation, we're going to get into Amazon's split from Google Shopping and the impact of that a year removed, why advertising is becoming an even bigger piece of Amazon's ecosystem and how AI is changing product discovery.

## Deep Dive: Amazon, Google Shopping, and Product Discovery

**Gavin:** Yeah, it's going to be a great conversation. Let's head into the lab.

**Gavin:** Hey, Craig. Thanks for joining today.

**Craig:** I'm excited to be here. Can't wait to talk about this.

**Gavin:** So we've got an important topic that we're diving into today. And actually I'd love I'm going to do a brief introduction to the topic, but I'd love for you also to give your own context on what we're talking about, since this is your day to day. We're talking about Amazon and Google, that relationship specifically in context of Google Shopping.

**Gavin:** There was a lot of big news about a year ago, I think was what last summer, where Amazon pulled listings off of Google Shopping, which I don't know if you did, you feel it like an earthquake in the Amazon department? Did you have a heads up that it was even happening?

**Craig:** So no heads up, right. So there really wasn't any talk about that ahead of it happening. The only, the writing on the wall would probably come down to just, Amazon was slowly, I think, working their way out a little bit. So there, if you looked at some of the auction sites or monitored things through, Google, you can tell that Amazon was, letting up on a few different categories,

**Craig:** And, Amazon with what they have been doing in the last couple. And first of all, actually, this is, it's not necessarily new. What's new about this is that they haven't come back, it's they lost it.

**Gavin:** They did pull in 2020 right where they did a brief pull in 2020 but then reinstated. But this is the first time where they've actually held to pulling though. And for anybody listening for some context, do you want to explain specifically what we're talking about in regards to the shopping listings and how those were interacting?

**Craig:** Absolutely. Yeah. So, I guess we can paint the picture, if you're searching for, let's just say, noise canceling headphones. Right. you're looking at noise canceling headphones searching in Google. And normally you'll see a nice carousel of just, Google Shopping ads, right, that have all different kinds of noise canceling headphones.

**Craig:** The majority of those, or at least, I believe you could say I think the make up usually was around 30% or so. Was made up of Amazon.com, listings, Or just, a Google Shopping ad that would serve directly to Amazon,

**Gavin:** Drive the user to it.

**Craig:** Would drive exactly right and drive the shopper to Amazon. And Amazon's play on that is well you know we'll pay we'll set up the data feed with Google. Will will pay to have traffic sent to our site. Because at the end of the day, we can afford that because if a certain percentage of those turn into Prime members, well, we've got a member for years and years.

**Craig:** And, it also, if they can collect that data and divert that attention, bring it to them. Then they can use that customer data to, just leverage anything that they need to. Right. So, that was the big thing is, Amazon was seen a lot in the Google, shopping carousel.

**Craig:** So somebody would search for either a branded term or maybe look for headphones, like I mentioned, and they'd go to Amazon. But now when somebody searches, they're not seeing a single you can't there's no Google Shopping ad up there available that's, going to serve to Amazon. They still are involved in that Google Search ads right.

**Craig:** Or text ads. But again at the end of the day, that that whole top spot is just, serving to websites, right to see or serving to maybe something like Walmart or Target is still up there, pretty high up on the auction and sites. So yeah, that's.

**Gavin:** Well and I was it seems like a lot of the initial reactions to this move, there were some hot takes coming down the pipeline, like one that I found was we are witnessing the end of an era where e-com giants depend on Google to reach their customers. Basically, there is some big picture thought at the time where this is a shift that Amazon's making to try to move consumers into the Amazon ecosystem and away from Google.

**Gavin:** Now we're about a year out and there's always a lot of hot takes that get dropped when news like this first breaks. I'm curious now with a little bit of hindsight, working with with brands directly, what was the actual impact that you saw for brands? What were some of the main takeaways that you ended up seeing bear fruit after that happened?

**Craig:** So it is still, something that's a little bit difficult to, piece together all different data points, just because of some limitations that are, within some certain accounts. And Amazon is really only going to give you some certain insights behind, some of this. Right. The initial impact was, well, just traffic, definitely went down for, for quite a few of our, our clients and, over time, it really started to, I don't want to say erode or I just want to say that it started to build up on, CPC.

**Craig:** Cost of advertising started to go up. So this, this non-advertising path. I don't even know if I want to consider it necessarily organic, really, because Amazon was paying for it, To come to your page and now it's just not there anymore. It's a whole that you have to fill right with advertising. So really you just had to start to invest a little bit more into, search ads on Amazon or maybe off Amazon advertising that was serving to Amazon, so that was left up to your responsibility,

**Craig:** As a seller, as a.

**Gavin:** Brand.

**Craig:** As a brand, you.

**Gavin:** Have to end up making that call for, right, redistribute funds and make up for that.

**Craig:** Traffic. Exactly. Right. And the other flip, the other side of that coin, is it it in theory, should have probably benefited you on CPCs through Google and other channels. Right. Because that was serving to your site, you're able to, the competition is less there, You're not competing against Amazon in the auction, Google Shopping anymore.

**Craig:** Yeah. again, Amazon, what I feel like Amazon does is for us again, it comes down to data at the end of the day. Right. Who's going to really own that data. And then having to manage a data feed or, through Merchant Center, it's just to imagine all the products and everything that they have there.

**Craig:** the fees to that or just it, it's it's incredible. And they really are trying to do a full takeover because they implemented AI. They've got Alexa for shopping right now. Right. Which they just rebranded to Alexa for shopping. From Rufus they had running for the last year or so and, so they're trying to make sure that, okay, well, if somebody is going to look or look for, to solve a need, through maybe a product search, they want them to ask the question with Alexa,

**Craig:** Instead of just going to your typical Google and asking the question or even ChatGPT or any other AI. So yeah, they really want to leverage that as much as possible. Well.

**Gavin:** It's going to be really interesting to see how this develops. And I wanted to run this by you to see if maybe we're on the same page, or maybe you have a different view on this, but it seems like it's a further segmentation of user attention where the historical thought was everybody goes to Google, and Google will basically then send you to the place that you want to go.

**Gavin:** But now it's a case where search queries are getting longer, where it's more of a conversation with an Alexa, or it's longer tailed searches on Google, maybe expecting an AI overview to answer the question for you before even getting to a listing, and that maybe there's going to be more segmentation where people are living on their own platforms, and maybe less of a Google dominated ecosystem free.

**Gavin:** I don't know if that resonates at all, or if you think that's the direction we're going.

**Craig:** It all resonates. It really does. Just because that is in theory, what we're looking at happening is, this, take away or maybe silo right into, okay, we want to own the beginning, the middle in the end. We want to own the entire journey. And we believe we can do it.

**Craig:** Because Amazon got to this point where they started to be more than 50% of product searches were starting on Amazon.

**Gavin:** That's why it was 50%. Yeah, that's more than more than I thought.

**Craig:** Yeah. It's it's, again, they they're in this position where okay, well, we are starting to be that dominant force that is going to be a product search. So if anybody is looking for something, they can search for the products in our, marketplace. Right. And they can also get all the context that they need or maybe all the, information that they need to make their decision as well.

**Craig:** And Amazon's always going to build everything around convenience for the shopper. Right. That's just how they're going to win. At the end of the day. They're fast shipping. They're you know same day shipping.

**Gavin:** Quick checkout.

**Craig:** Quick checkouts. Exactly right. So everything's always built around that. So this is just another play to try to make it more convenient, right. To sell their convenience of you can do everything right here in the search bar. Right. Or you can use Alexa for shopping. Right. And, in a lot of it does come down to now they're optimizing, or at least, trying to read pages for prompting.

**Craig:** Right. So instead of just keyword.

**Gavin:** Yeah. What what do you mean by that? Read pages for prompting.

**Craig:** So any prompt that comes in, maybe, if somebody is looking for noise canceling headphones, It's like, okay, well, should I be getting open back or closed back headphones. Right. Or if you're looking to solve a need, maybe they're saying, I need a headphone for a really busy environment, but I needed to, close off sound.

**Craig:** Right. So, as you're like asking those questions with this interactive, this agent, like, system that they've built, they're going to start to, pull all the, the data from product pages and they're going to pull data from reviews like customer reviews are going to be worked into that too. So any context that's around, it's solving this need for maybe a studio type headphone, they're going to slip it right in.

**Craig:** Yep. Exactly. Got it.

**Gavin:** Now it's a jostling match from my angle where it's basically the segmentation is causing these platform partners to continually try to re up their own services and try to have value ads that brands are attracted to. And then it's about where the audience is at. It's it seems like a move like this, in theory, would have benefited the small brand out there because instead of having Amazon listings taking up maybe the majority of shopping listings on Google instead, those are now vacant.

**Gavin:** Did that carry out much, or did the smaller brands actually see much benefit from your vantage point?

**Craig:** Yeah, it it nobody's gonna like this answer, but it depends you know. Yeah. Right. So, for smaller brands, it what it did is it put a lot more into this marketplace where more competition started to compete for those eyes, Or like, the beginning of the, the shopping journey. And that just ultimately started increasing, CPCs.

**Craig:** Right. And started making things more expensive. And in the last year, couple of years, fees have been, such a big discussion, on Amazon because there's been this really big shift from, five years ago, AWS or Amazon's AWS system, was supplementing and supporting their entire, package of just, what they offer on their marketplace.

**Craig:** Well, now they're starting to roll that into, okay, well, we want the fees, of course, to start to work into this as well. So they're starting to build in and put more fees towards their FBA systems to help supplement it and AWS. So they've been in that's something that's been going on to the, the customer.

**Craig:** Right. And then we also talk about tariffs. Last year was another huge discussion. So all these things have really just these it's all these, you know economic headwinds coming together.

**Gavin:** And to isolate one particular thing within the larger scope.

**Craig:** So we just we've been having to, to go, a mile deep in, smaller brands that are trying to make this make sense and work and, be profitable on Amazon, just requires a lot more of a, hands on approach of just, like, digging into all the data that's available and making sure we truly are, not just, giving up any control here, but just, giving the control to the shopper or, sorry, giving control to the brand and just making sure that we can just, make this profitable thing of the day for them.

**Craig:** Something else that we are noticing, with, with brands this year is the majority of their actual revenue is being made up of mostly ad-attributed revenue now. So, there's been definitely a shift over to that in that, there's a lot of pieces at play here, We can argue maybe that, the Google Shopping, not having traffic delivered to your product page, which was paid for by Amazon at the time.

**Craig:** Missing that, non-advertising traffic, or, quote unquote, maybe organic traffic. Yeah. Missing that now definitely has made it where a lot more of your, revenue on Amazon is being made up of advertising. And just so it's it's just a larger portion, which is a tough place to be in when you have all these fees that are increasing and things and it's, it's it can be scary, but it also, just requires so many just understanding, that that system very well.

**Craig:** Right. And working in it all day long, every day.

**Gavin:** I, I'm sure plenty of people listening will have follow up questions and follow up thoughts after hearing everything that you just dropped on them. How should they reach out? If they're curious to continue the discussion around Amazon and the platform, how should they get in touch?

**Craig:** It's pretty simple, Just head straight to a [logicalposition.com](https://www.logicalposition.com). You'll be able to reach, anybody there. And you can also get ahold of me, on LinkedIn to search for my first, last name. So Craig

Panozzo and, you should be able to find me pretty easily up there. Hopefully. But, yeah, no, thank you for, having me today.

**Craig:** This is. This is awesome. Of course. Yes.

**Gavin:** I like you're an open book.

**Craig:** Yes. Hit me up on LinkedIn.

**Craig:** It cuts through the clutter, you know.

**Gavin:** And the more you can engage with these brands directly and have that advice, really speak to the particular brands, it's going to be even more valuable. So yeah, if anybody's interested, hit up Craig, look him up on LinkedIn and this won't be his last time on the pod. You will be back talking more Amazon in the future. So yeah.

**Gavin:** Thank you so much for joining.

**Craig:** Thank you so much for having me.

**Gavin:** Awesome. Loved having Craig on the pod. He's one of my personal go-tos. Anything Amazon related. So if you enjoyed this episode, be sure to subscribe and follow along for future conversations. And if you want more marketing insights, clips and updates, follow us on social at AD Lib Pod and check out the full video episodes on YouTube. We'll see you next week in the lab.

**Gavin:** Thanks for joining.