What Brands Need to Know About Amazon's Asks for Low ASP Assortment

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TL;DR: *Amazon is focused on expanding low ASP assortment to drive trial, sales growth, and share gains in the grocery market. Brands are on the fence given mixed results and meaningful margin implications.*

3 minute read

Amazon is increasingly asking food and CPG brands for more of their low-ASP assortment – the items you'd find in big box grocery stores that historically were deemed unfit for eCommerce.

Why?

It's investing into demand generation initiatives given it has built margins back up to a healthy level in its retail business and it would like to re-accelerate growth rates. **Low ASP assortment is one of those key initiatives for growth, particularly within its quest for a more meaningful share of the grocery market.**

As Andy Jassy put it during Amazon's latest quarterly earnings call:

> "As we lower our cost to serve, we can add more low ASP selection that we can support economically, which, coupled with our fast delivery, puts Amazon in the consideration set for increasingly more shopping needs for customers." – Andy Jassy, Amazon President and CEO

Amazon also tells brands its goal is to bring consumers into the category with low ASP

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assortment and move them up to larger pack sizes from there.

In this research article, we detail key implications and action items for brands navigating Amazon's asks and moves with low ASP assortment based on extensive conversations with consumer brands.

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