MGT 6463 01-03 Quant Methods for Marketing (2026S), Amazon Shopper Case Writeup,
By: Sparsh Singhal

The Shopper Panel has its pros and cons. It allows Amazon to gain a positive reputation as it allows consumers to gain control over their data. Many companies tend to track consumer data without permission. The Panel however allows consumers to have the option to opt-in, in addition to being rewarded for sharing data and allows them to omit aspects of their receipts and remove uploaded receipts any time.

Additionally, the Shopper Panel allows Amazon to obtain a steady stream of offline data which they can then use to advance products and other offline assets such as their grocery brand 'Amazon Fresh'. It also allows them to drive out competition by releasing better products at competitive prices and as a result, improve their bottom line. Moreover, it allows them to further improve their bottom line and recoup their entire investment by selling consumer insights (such as ad effectiveness) to advertisers, similar to Nielsen and NPD.

The Shopper Panel also allows Amazon to retain full control over data flow. They can close receipt submissions whenever they wish to do so. It is also future proof as the data is collected on a voluntary basis, making it compliant with upcoming consumer laws. (Based on the assumption that future laws will be like CCPA - one of the most restricted consumer privacy laws currently.)

Holistically speaking, I do recognise the downsides of The Shopper Panel as well. This initiative can potentially amplify scrutiny of Amazon's anti competition business practices as it may be perceived as a move to create a monopoly. Moreover, there are huge associated costs with this initiative as well; $10 per 10 receipts, additional incentive for filling out a survey and app development costs can strain the company's finances.

At a glance, pros of the Amazon Shopper Panel include positive PR, steady stream of offline data, high profitability scope, flexibility/control over data flow and long-term viability while cons include increased scrutiny and high associated costs. Overall, weighing the pros and cons, I believe The Amazon Shopper Panel is a good idea for Amazon.

Moving forward, success for this program would be certain if Amazon manages to obtain a significant number of advertisers to purchase their services allowing them to recoup their costs, gain enough customers to sign up and achieve positive brand perception.

I believe The Amazon Shopper panel is detrimental for consumers. I recognise that this program provides consumers with a financial incentive and the option to voluntarily opt-in however it also allows Amazon to drive out offline businesses by obtaining classified purchase information through customers and leveraging that information to provide better/similar quality products at competitive prices. Eventually, it would allow Amazon to establish a monopoly. This is a major concern for consumers as lower competition generally leads to lower product quality and innovation, higher prices (potentially, price gouging) and inflation. Moreover, privacy also remains a concern due to how easy it is for companies to uncover personal information through geo-location.

As for sellers, I believe the Panel is both detrimental and beneficial. It will be beneficial for those sellers who pay Amazon to test the effectiveness of their advertisements; however, it will be detrimental to those sellers who have their purchase data compromised and utilized by Amazon to create competitive products and drive out competition.

Lastly, I believe it is also detrimental for the entire market. This program allows Amazon to gain classified retailer-consumer data which it can leverage to drive out competition and therefore establish a Monopoly/Oligopoly.

I believe other retailers should adopt these types of programs due to how beneficial it will be for them as a company. It will allow them to sell more products, gain valuable consumer insights (which they can always resell to third parties) and drive out competition. A very popular example of this is the Brand Lift Surveys by YouTube, where it displays one very specific survey question as an ad, which a customer either answers voluntarily or chooses to skip. This allows them to gain an insurmountable amount of data considering how YouTube gets 211 million active users daily. (See **Exhibit 1** for links)

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<u>Exhibits</u>

1. **Exhibit 1:** Brand Lift Surveys by YouTube
   A. How it works: https://support.google.com/google-ads/answer/9049825?hl=en
   B. Policies: https://support.google.com/youtube/answer/4574026?hl=en