

THE AMAZON EFFECT – US – 2023

Amazon is relentless in its pursuits to please customers. It continues to transform consumer expectations, disrupt industries and shape the future of retail.



Diana Smith, Associate
Director, Client Advisor -
Retail & eCommerce



The Amazon Effect - US - 2023

This report looks at the following areas:

- Amazon's customer profile
- Prime membership overview
- How consumers perceive Amazon relative to other retailers
- Role of Amazon in consumers' shopping repertoires
- Consumer attitudes toward Amazon
- A review of select initiatives from the brand
- Competitor strategies and opportunities



Amazon is relentless in its pursuits to please customers. It continues to transform consumer expectations, disrupt industries and shape the future of retail.

Overview

Amazon, the world's largest online retailer, has been navigating through challenges and adapting to changing consumer and seller expectations. Despite experiencing mind-blowing success amid the pandemic, the company has been strategically reassessing its workforce and priorities to align with current demands. While Amazon still posted sales gains in 2022, the rate of growth fell below prepandemic levels. 2023 has been a stronger year, indicating its efforts are paying off.

Inflation has profoundly impacted consumer shopping habits and preferences. Consumers are price-focused, leading them to explore alternative options rather than solely relying on Amazon's affordability. This has caused pressure to stay competitive.

Amazon must play defense as much as it plays offense. Legislative scrutiny poses a threat to the business, while competitors are becoming more adept at coexisting and seizing

BUY THIS REPORT NOW


€4400.00 | £3695.00 | \$4995.00*

store.mintel.com

Americas: +1 (312) 932 0400
China: +86 (21) 6032 7300
Germany: +49 (0) 211 3399 7411
India: +91 22 4445 1045
Singapore: +65 6653 3600
Thailand: +66 2 821 5122
UK: +44 (0) 20 7606 4533

*These prices are correct at time of publication, but are subject to change due to currency fluctuations.

MINTEL



opportunities to challenge the retail giant. Amazon cannot take its dominance or its effects for granted, acknowledging that it doesn't lead in all areas of operation.

Amazon holds tremendous potential in shaping AI's advancement. It also has retained its "favorite retailer" status for nearly 80% of its shoppers. Its unequivocal consistency at delivering speed, selection, convenience and service will define its success for many years to come.

BUY THIS REPORT NOW

€4400.00 | £3695.00 | \$4995.00*

store.mintel.com

Americas: +1 (312) 932 0400
China: +86 (21) 6032 7300
Germany: +49 (0) 211 3399 7411
India: +91 22 4445 1045
Singapore: +65 6653 3600
Thailand: +66 2 821 5122
UK: +44 (0) 20 7606 4533

*These prices are correct at time of publication, but are subject to change due to currency fluctuations.

MINTEL

Report Content



EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Opportunities for Amazon
- Opportunities for Amazon (continued)

ECOMMERCE LANDSCAPE

- As ecommerce grows, so does Amazon
- More online shopping, more often bodes well for Amazon
 - Graph 1: online shopping frequency, % of consumers, 2023
 - Graph 2: online shopping frequency - nets, 2023
- Heavy online shoppers tend to be young affluent urbanites who are commonly parents
- eCommerce growth will be fueled by mobile retailing
 - Graph 3: devices used to shop online, 2023

AMAZON PERFORMANCE

- Sales climb, while rate of growth drops substantially after pandemic highs
 - Graph 4: Amazon net sales, at current prices, 2018-22
- US sales contribution at its highest in five years
- Amazon is diversifying its portfolio with AWS a big winner
- eCommerce growth lures more sellers and advertisers to the brand
- Improving relationships with merchants
- Majority of sales do not come from online and physical stores
 - Graph 5: Amazon's global net sales, by retail channel, 2020 and 2022
 - Graph 6: Amazon's global percentage of net sales, by retail channel, 2020 and 2022
- Service sales surpass product sales in 2022
 - Graph 7: Amazon's global net sales, by category, 2018-22
 - Graph 8: Amazon's percentage of global net sales, by category, 2018-22

THE AMAZON EFFECT ON CONSUMERS

Consumer fast facts

Amazon shopper profile

- It's not even close – it's Amazon then everyone else when it comes to preferred merchants online
 - Graph 9: retailers shopped online, past 12 months, 2023
- Amazon sees universally high shopping incidence across demos
- Amazon's dominance stays fairly consistent across income levels
 - Graph 10: Amazon shopper profile compared to Walmart.com and Target.com, by age and income, 2023

Amazon Prime membership

- Prime hits "prime" time levels
- Amazon has set the gold standard when it comes to branded sales events
- Prime Day, and now Prime Big Deal Days, create excitement
- Prime member profile closely mirrors Amazon shopper profile
- The Prime effect is so strong that Amazon has some room to raise prices again
 - Graph 11: amount more willing to pay for Prime membership, 2023
 - Graph 12: willingness to pay more for Prime membership, 2023
- One fifth of adults aren't Prime members, highlighting opportunity to drive acquisition
 - Graph 13: barriers to Prime membership, 2023
- Older shoppers cite logic while younger shoppers express apathy and an air of anti-Amazon sentiment that needs to be monitored
 - Graph 14: barriers to Prime membership, by gender; age, 2023
- Most Prime members don't use all their benefits
 - Graph 15: Prime benefits used, 2023
- Amazon promotes its Prime benefits and reminds members to use them, but more awareness and education is needed
- Once young men decide to join Prime, they become sold on it
 - Graph 16: Prime benefits used, by gender and age, 2023
- Consumers are loyal to Prime benefits, not necessarily the brand itself
 - Graph 17: shopping behaviors among Prime members, 2023
- Prime can certainly drive loyalty, but doesn't guarantee it
 - Graph 18: competitive memberships, 2023
- Younger consumers most vulnerable
 - Graph 19: competitive memberships, by age and household income, 2023
 - Graph 20: attitude toward competitive memberships, by gender and age, 2023
- Netflix and Hulu preferred over Prime Video
 - Graph 21: Prime Video usage compared to competitors, 2023

The Amazon Effect – US – 2023

- Adults under age 45 and parents stray the most to competitors
 - Graph 22: video streaming usage – more than Prime Video, by gender and age; parental status, 2023
- Amazon is enhancing and promoting Music offering to compete with leaders Spotify and Apple Music
 - Graph 23: Amazon Music usage compared to competitors, 2023
- With aggressive and bold promotion, Amazon Music is giving Spotify a run for its money

Perceptions of Amazon versus competitors

- Amazon has a good reputation and largely garners positive perceptions
- Affordability is an edge and a vulnerability for Amazon
 - Graph 24: attributes versus competitors, 2023
- Is Amazon too transactional?
 - Graph 25: attributes versus competitors – nets, 2023
- "A" for Amazon
 - Graph 26: Amazon ratings versus other retailers, 2023
- When "the best" gets even better
 - Graph 27: Amazon's "the best" ratings versus other retailers, 2023 versus 2020
- Environmental responsibility is the only area where Amazon does not rank above average
 - Graph 28: Amazon rating versus other retailers – environmental responsibility – nets, 2023
- Prime members are the brand's biggest fans
 - Graph 29: Amazon's "the best" ratings versus other retailers, by Prime membership status, 2023
- Key driver analysis probes deeper to unearth areas of exploration
- Key driver analysis illuminates strengths and vulnerabilities
- Amazon effect weakens a little when narrowing attributes and broadening competitive set
 - Graph 30: value perceptions of various retailers, 2023
- Elevating convenience, yet again

How consumers shop on Amazon

- Amazon is a go-to retailer for most categories
 - Graph 31: role of Amazon when shopping, by category, 2023
- Amazon first, but not exclusively
 - Graph 32: Amazon's place in path to purchase, by Prime membership status, 2023
- Amazon has gained some ground, becoming more of a resource since pandemic
 - Graph 33: Amazon's place in path to purchase, 2023 versus 2020
- Many factors drive consumers' ultimate purchase decisions when shopping on Amazon
 - Graph 34: purchase influencers when shopping on Amazon, 2023
- Women are practical in their shopping approach
 - Graph 35: purchase influencers when shopping on Amazon, by gender, 2023
- "Best seller" functionality appears to give undecided shoppers a boost of confidence
 - Graph 36: purchase influencers when shopping on Amazon, by age, 2023

Attitudes toward Amazon

- Consumers recognize Amazon's power, but don't shun the brand for it
 - Graph 37: attitudes relating to Amazon's power and influence, 2023
- Gen Z backlash needs to be monitored
 - Graph 38: attitudes related to Amazon's power and influence – agree, by generation, 2023
- Brands can benefit from advertising on Amazon
 - Graph 39: attitudes related to brands that advertise on Amazon, 2023
- Black and Hispanic consumers find comfort in buying unfamiliar brands they see on Amazon
 - Graph 40: attitudes related to brands that advertise on Amazon, by race and Hispanic origin, 2023
- Amazon takes strides to promote minority-owned sellers, but has more work to do
- Interestingly, consumers universally think Amazon is making headway relative to employee and planet welfare
 - Graph 41: attitudes related to Amazon's CSR efforts, by generation, 2023
- What is Amazon doing exactly in these areas?
- Amazon is transparent about its CSR progress which only serves to strengthen others' trust in the company

EXPLORING SELECT AMAZON INITIATIVES

Devices

- Amazon flexes its tech muscles
 - Graph 42: Amazon device ownership, 2023
- In true innovator fashion, the brand unveiled a host of new devices at its 2023 product launch event
- Doubling down on lead products with Echo and Fire TV expansion
- Coming soon...
- To grow its device business, Amazon can look toward parents and co-habiting couples
 - Graph 43: Amazon device ownership, by number of sources of work-based income, 2023
 - Graph 44: Amazon device ownership, by parental status; marital status, 2023
- Soft housing market could impede future sales of Echo and smart home devices
 - Graph 45: Amazon device ownership, by housing situation, 2023

Pharmacy/healthcare

- Amazon continues efforts to disrupt pharmacy and healthcare sectors
- More work is needed to increase awareness
 - Graph 46: percentage of those aware of Amazon Pharmacy, by generation, 2023
 - Graph 47: awareness of Amazon Pharmacy, 2023
- Amazon has the potential to reshape the pharmacy landscape
 - Graph 48: attitudes toward Amazon Pharmacy, by generation, 2023
- Sweetening the deal
- Amazon swiftly folds One Medical healthcare into Prime as well

Artificial intelligence

- Amazon's efforts with AI will likely influence consumers' attitudes toward AI
- AI-generated review summaries can save shoppers time
- AI tools help Amazon's sellers promote their brands
- AWS also embeds AI into new tools and services announced at re:Invent 2023

Private label

- Streamlining private label brands

THE AMAZON EFFECT ON COMPETITORS

Competitive strategies

- Competitors feel pressured to hold their own sales during Amazon Prime events
- Amazon Pharmacy and other efforts put Walgreens and CVS on alert
- Drug store leaders show they're more than a pharmacy
- CVS Health leans into the personalized services aspect
- Walmart ramps up marketplace efforts...
- ...and these efforts are well-timed
- Expect some price wars, not only on cost of goods but seller fees too
 - Graph 49: select attributes of Amazon versus Walmart online marketplaces, 2021
- When it comes to grocery, Walmart has more of an effect on Amazon than vice versa
- Target doubles down on owned brands while Amazon downsizes
- Netflix makes bold business decision, accepts vulnerability

Opportunities for brands

- How can brands fend off the Amazon effect?
- Brands can look for the small cracks in Amazon's tough exterior
- Opportunities to mitigate the Amazon effect

APPENDIX

- Market context
- Market definition
- Sales data
- Sales data (continued)
- Consumer research methodology
- Generations
- Abbreviations and terms
- Rate of growth slows substantially

- Graph 50: Amazon net sales, at inflation-adjusted prices, 2018-22
- Global net sales grew 33% in two years, fueled by third-party seller services, advertising and AWS
- Key driver analysis methodology
- Key driver analysis methodology (continued)
- Level of satisfaction with Amazon – key driver output, 2023

Disclaimer

This is marketing intelligence published by Mintel.
The consumer research exclusively commissioned by Mintel was conducted by Kantar Profiles ([See Research Methodology for more information](#)).

Terms and Conditions of use

Any use and/or copying of this document is subject to Mintel's standard terms and conditions, which are available at <http://www.mintel.com/terms>

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd

www.mintel.com

Help desk

UK	+44 (0)20 7778 7155
US	+1 (312) 932 0600
Australia	+61 (0)2 8284 8100
China	+86 (21) 6386 6609
India	+91 22 4090 7217
Japan	+81 (3) 6228 6595
Singapore	+65 (0)6 818 9850