

2ND ANNUAL AMAZON SURVEY

Stronger than Ever: Amazon's Momentum and Retailers' Moment of Opportunity





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When the COVID-19 pandemic upended the retail industry a year ago, consumers began relying on Amazon more than ever. This shift has significant ramifications for retailers across the industry.

- **Usage of Amazon has soared, thanks to fast, free shipping and Prime.** Four in 10 consumers now buy the majority of their goods on the site—growth of 83% since the pandemic began, with twice as many shoppers age 45 and older now relying on the site as a lifeline. The top reasons for using the site are ‘Fast, free shipping’ (73%), ‘I am an Amazon Prime member’ (67%) and ‘easy and convenient purchase process’ (58%)
- **Sentiment surrounding Amazon has grown more positive.** The majority of shoppers (52%) now believe Amazon has a positive impact on retail, versus 45% a year ago, while more than a third of shoppers, 36%, now believe the company is good for the environment—an increase of 36% year over year. Younger shoppers and those earning \$75,000 per year or more aren’t as enthusiastic, with 3 in 10 in each cohort saying Amazon is damaging the planet.
- **Local retailers win hearts, not dollars.** More than 95% of consumers believe they should support independent retailers in the wake of COVID-19. Given a choice, however, most buy from Amazon instead, citing higher product prices, shipping costs, and potential delivery delays as the top reasons.
- **Diversified fulfillment leads the list of priorities for retailers in order to compete.** Sellers can counteract Amazon’s scale and efficiency with light-footed agility to meet consumers’ expectations for last mile delivery.





Introduction

When the COVID-19 pandemic upended the retail industry a year ago, even the mighty Amazon was tested. As shutdown orders temporarily shuttered stores and consumers hunkered down at home, orders for essentials such as groceries surged 50-fold, and Amazon struggled to keep pace with the new demand. After rushing to make thousands of hires for its fulfillment and warehouse networks and prioritizing shipments of essential goods like hand sanitizer, Amazon regained its stride.

Prime Day—the sales event for members of Amazon's free-shipping subscription service, usually held in July—was postponed. But the new October timeframe turned out to be a blessing in disguise, as it served as an early kickoff for the holiday shopping season, which reaped record gains for eCommerce that in turn helped the retail industry end a difficult year on a high note.

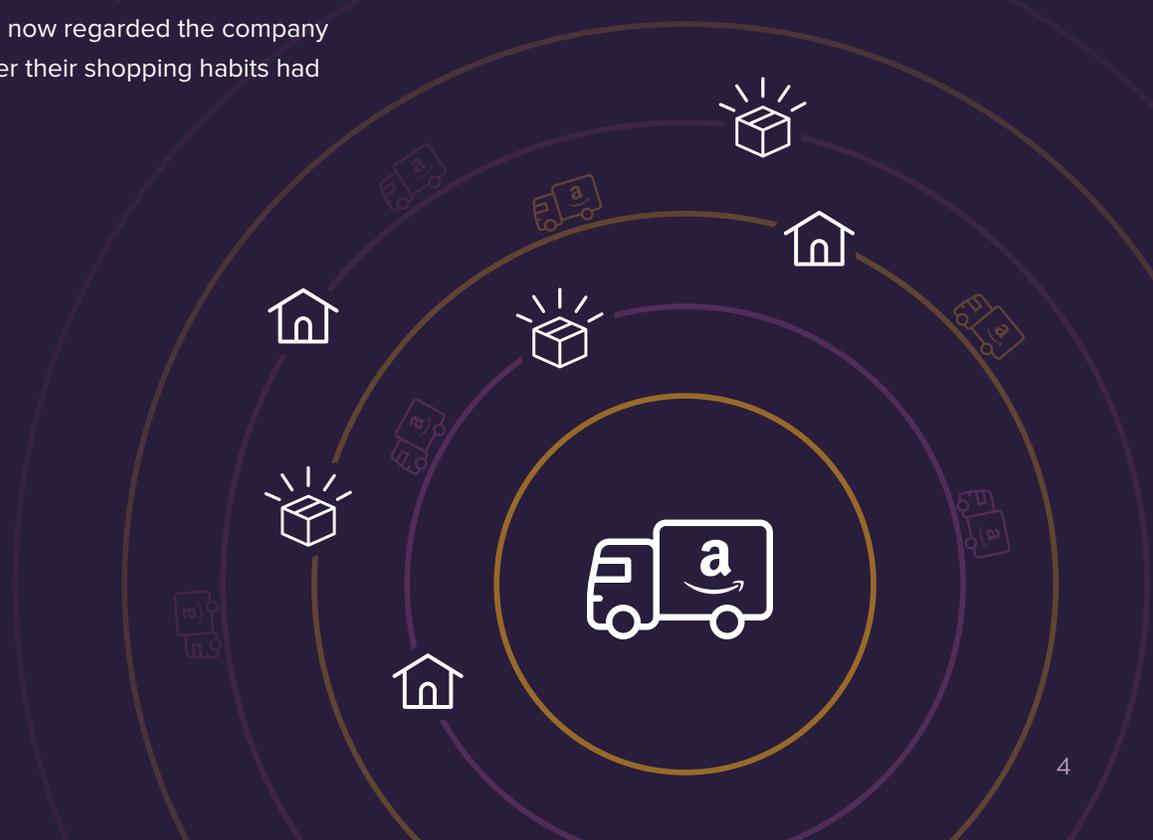
Prior to the pandemic, a separate Convey consumer survey had revealed that although shoppers relied on Amazon, their attitudes were decidedly ambivalent. Given Amazon's central role in retail in 2020, we wanted to find out whether consumers now regarded the company more favorably—and whether their shopping habits had changed.

METHODOLOGY

Using SurveyMonkey, Convey asked 1,100 consumers 15 questions about Amazon, their shopping behaviors and priorities, and their experiences during the 2020 holiday season.

Our survey of shoppers found that usage and positive perceptions of Amazon are at an all-time high—and that although consumers recognize the plight of local businesses following the COVID-19 crisis, they're likely to keep buying from Amazon anyway.

Even with Amazon casting a large shadow, the survey results uncover plenty of room for retailers of all sizes to thrive. With shoppers' support of Amazon almost solely based on its efficient, fast, and free delivery operation, there's plenty of opportunity for other brands to differentiate themselves and thrive.





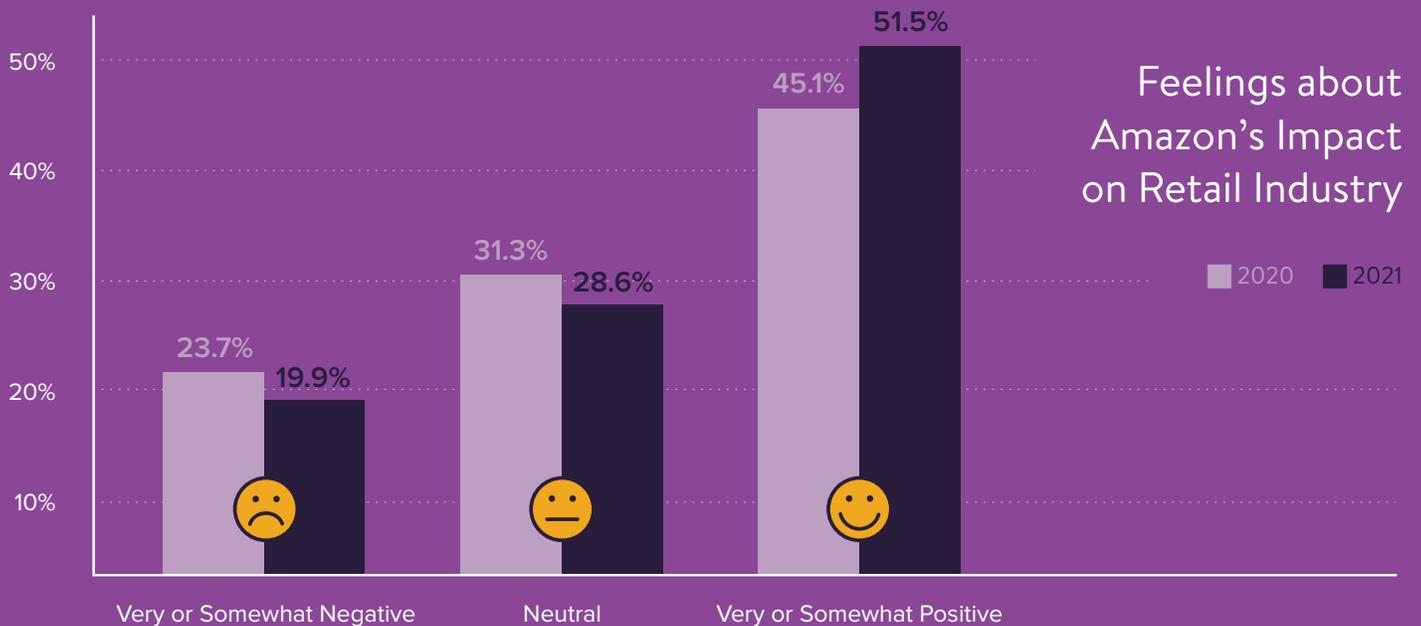
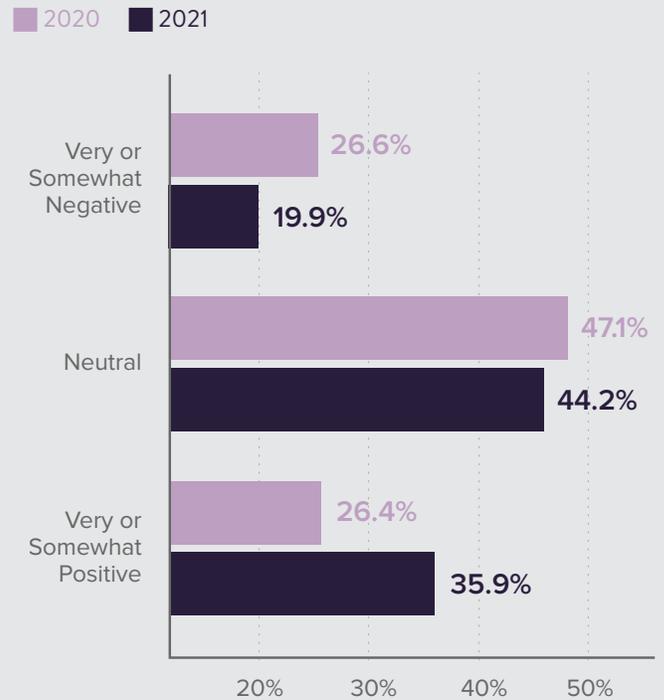
Pandemic conquers reservations about Amazon

Given its central role in 2020 retail, it's no surprise that usage of Amazon is up significantly. More than 4 in 10 consumers now say they buy at least half of their goods and products on Amazon—up 83% since the start of the pandemic.

The growth comes primarily from consumers 45 and older, whose heightened COVID-19 risk caused them to opt for new modes of shopping for everything from groceries to home décor. The percentage of older shoppers using Amazon for at least half their purchases grew 102% since before the pandemic, with more than 1 in 10 now buying three quarters of their goods or more on the site.

Reliance on Amazon for the majority of purchases is even higher among those who identify as heavy online users. For example, the third of survey respondents who shopped exclusively online during the holidays purchase more than half their goods on Amazon at a substantially higher rate than average—57%, which is 39% higher than respondents overall.

Feelings about Amazon's Impact on the Environment





Shoppers see Amazon as a force for good

Perhaps because so many shoppers have relied on Amazon as a lifeline during lockdown, more than half (52%) now believe the company has a somewhat or very positive impact on retail, a 14% shift. When it comes to the environment, sentiment has shifted positively even more steeply, with 36% saying Amazon is having a somewhat or very positive impact—up 36% since the onset of the pandemic.

52% of respondents now believe Amazon has a somewhat or very positive impact on the retail industry, **a 14% increase.**



Fewer than 1 in 5 shoppers believe Amazon has a somewhat or negative impact on either the retail industry or the environment. Even among those respondents, Amazon dominates shopping behavior now more than ever. Among those who believe Amazon is bad for the planet, 3 in 10 still buy at least half their goods on the site, as do a third of those who believe Amazon has had a negative impact on the retail industry—a jump of 57% since before the pandemic.

Younger shoppers continue to be more skeptical of Amazon—and more likely to stick to their guns when it comes to buying habits.

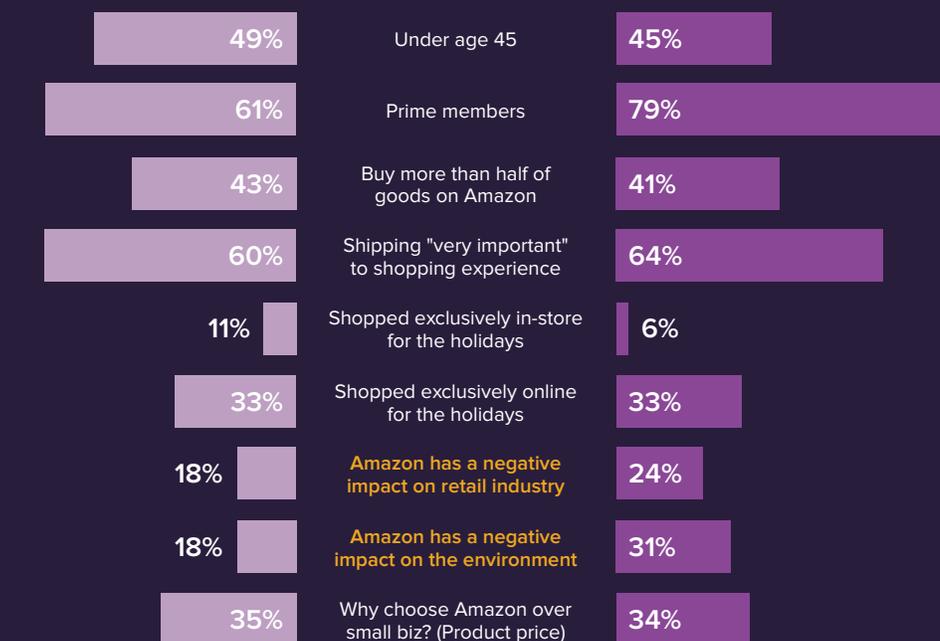
Just over a quarter of respondents ages 18 to 29 say Amazon is harmful to retail overall, an uptick of 4% in negative sentiment since the start of the pandemic. Among these shoppers, 26% do at least half their shopping on Amazon, 21% fewer than those in other age cohorts with concerns about the company's impact on retail and 37% lower than the survey average overall.

The percentage of younger shoppers who believe Amazon is damaging to the environment dropped by 10% since the start of the pandemic, to just over 3 in 10 (31%)—still the highest among any age cohort. Twenty-nine percent of these shoppers buy at least half of their goods on Amazon, a percentage point lower than older shoppers critical of Amazon's environmental impact.

Wealthier shoppers are less likely to be store shoppers and more likely to be Amazon Prime members, even as they're more critical of Amazon's impact on retail and the environment.

Household Income <\$75k

Household Income \$75k+



Income dictates Amazon uses and sentiment—and some contradictory attitudes emerge



Shipping stands out more than ever

Thanks to store closures, soaring online orders, and newfound reliance on hybrid online/offline services such as curbside pickup, order fulfillment is top of mind for consumers like never before. Fully 87% of survey respondents said delivery is an important part of the overall shopping experience—and when it comes to Amazon, shipping accounts for the top two reasons consumers shop there. 73% of survey respondents said “fast, free shipping” prompted them to shop with Amazon, while more than two-thirds (67%) cited their Prime membership as the reason they buy on the site—a 2% uptick over 2020.

Streamlined ordering ranks third on the list of Amazon's advantages, with 58% of shoppers saying they choose the site for its convenient, easy ordering process, a jump of 39% over last year. Women are 9% more likely than men to prize the site's convenience, suggesting that pandemic-induced stress, which women are experiencing at record levels, may drive shoppers to value familiarity and efficiency more than ever.

Other Amazon benefits dwindle in importance

Other Amazon offerings lost value for consumers. The site's broad product selection, previously its second most

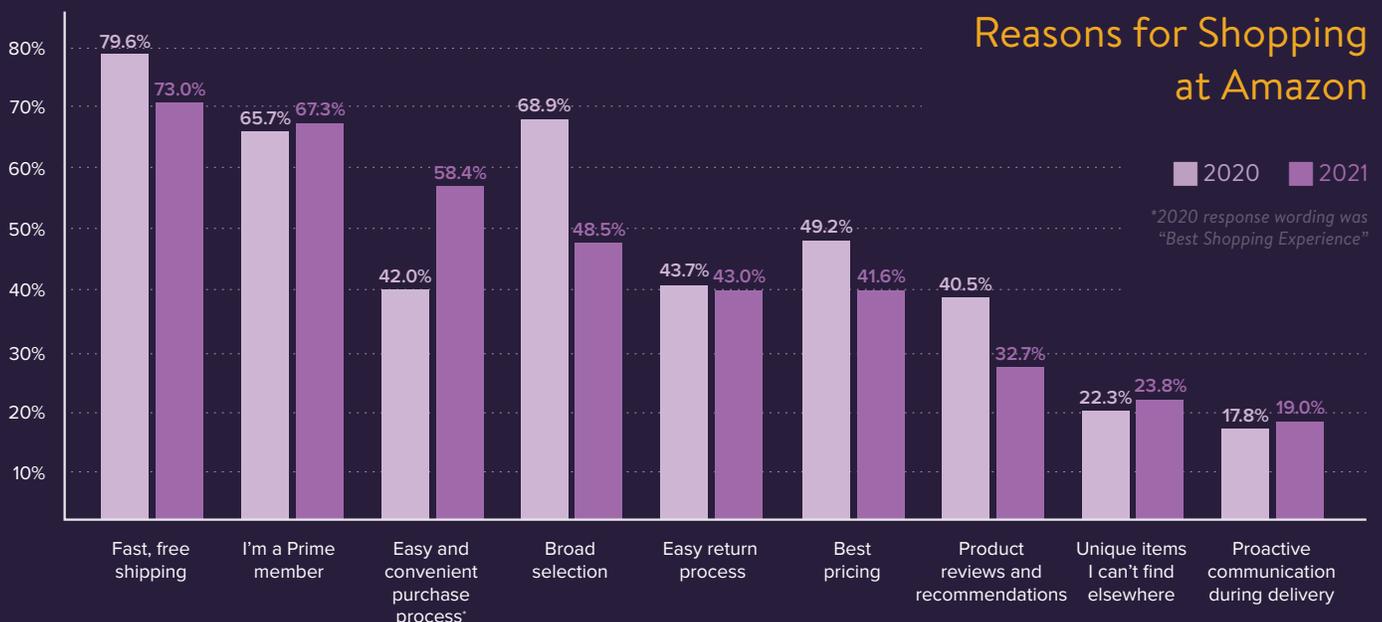


Nearly **49%** shop at Amazon because **they trust their packages will be delivered when promised.**

popular advantage, dropped by 30% into fifth place, with just under half of respondents (49%) saying it's a reason they shop there. Pandemic-related shortages and restrictions on warehouse inventory for third-party sellers may account for this drop.

Similarly, external forces may be at play in the weaker perception of Amazon as the online discount leader. While nearly half of 2020 survey respondents said Amazon offered the best prices, now just 42% do so—a 16% drop that may be due to strong competition from Walmart, which launched its own free-shipping membership program in September.

Product reviews and recommendations also suffered, dropping nearly 20% in popularity to 33% as a reason to shop on Amazon. Headlines about fake reviews and an increasing number of sponsored product placements in recommendations may be impacting the value of these site features.





Local retailers win shoppers' hearts—not their dollars

Even as shoppers are flocking to Amazon like never before, consumers overwhelmingly believe in supporting small businesses hurt by COVID-19 shutdowns and supply chain problems. Fully 95% of survey respondents say it's important to support small businesses.

Nonetheless, just 13% of those pledging support for small businesses say they never choose Amazon instead. Even among these stalwarts, 28% report buying at least half their goods from Amazon.

For everyone else, the prospect of higher product costs and inferior shipping options drives them to choose Amazon over small businesses. Higher item costs rank as the chief reason, at 35% of survey respondents, while 23% said higher shipping costs at small businesses drive them to Amazon, and 21% said slower shipping was the issue. Just 8% said they doubted small businesses could deliver items on time.

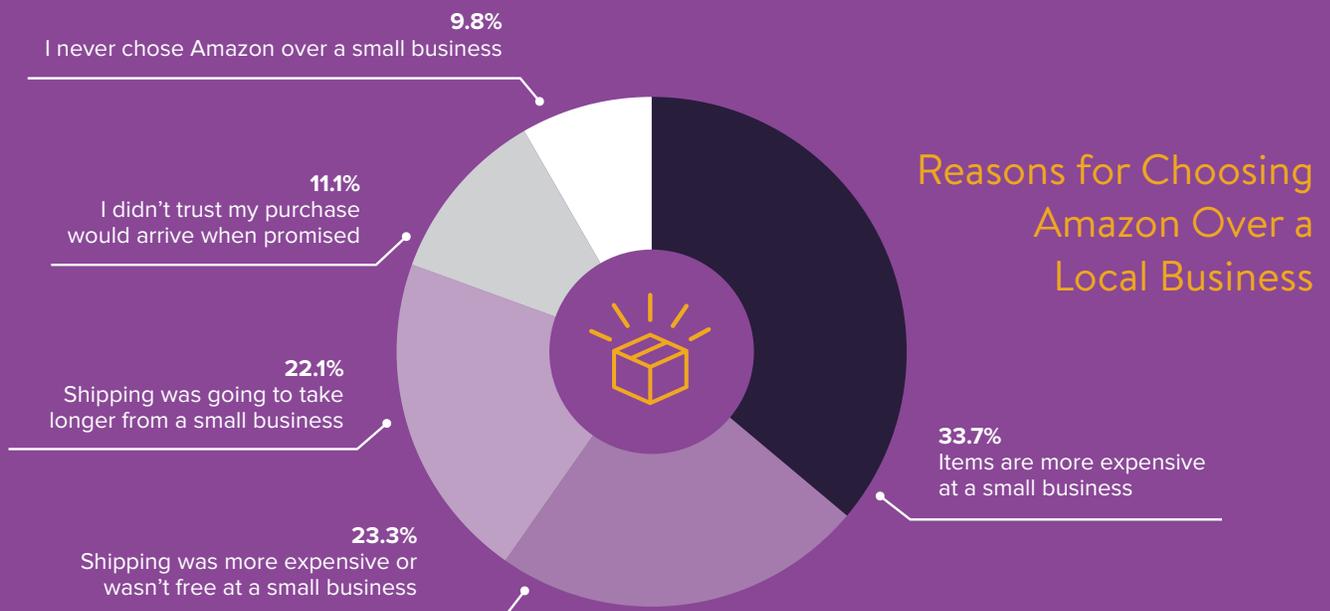
Age makes a difference

The majority of those who say product price is the chief reason they choose Amazon over local business are older, with 56% of those 45 and up choosing that



rationale. By contrast, those who chose shipping speed as their primary concern were primarily under 45, by a 53% to 47% margin. Given that more older shoppers are Prime members—70%, compared with 64% of those under 45—they may be more likely to take fast, free shipping as a given and focus on product price.

Older shoppers are also far more likely to resist the lure of Amazon altogether. Of those over 45, 14% say they never choose Amazon over a small business, compared with 11% of those under 45.





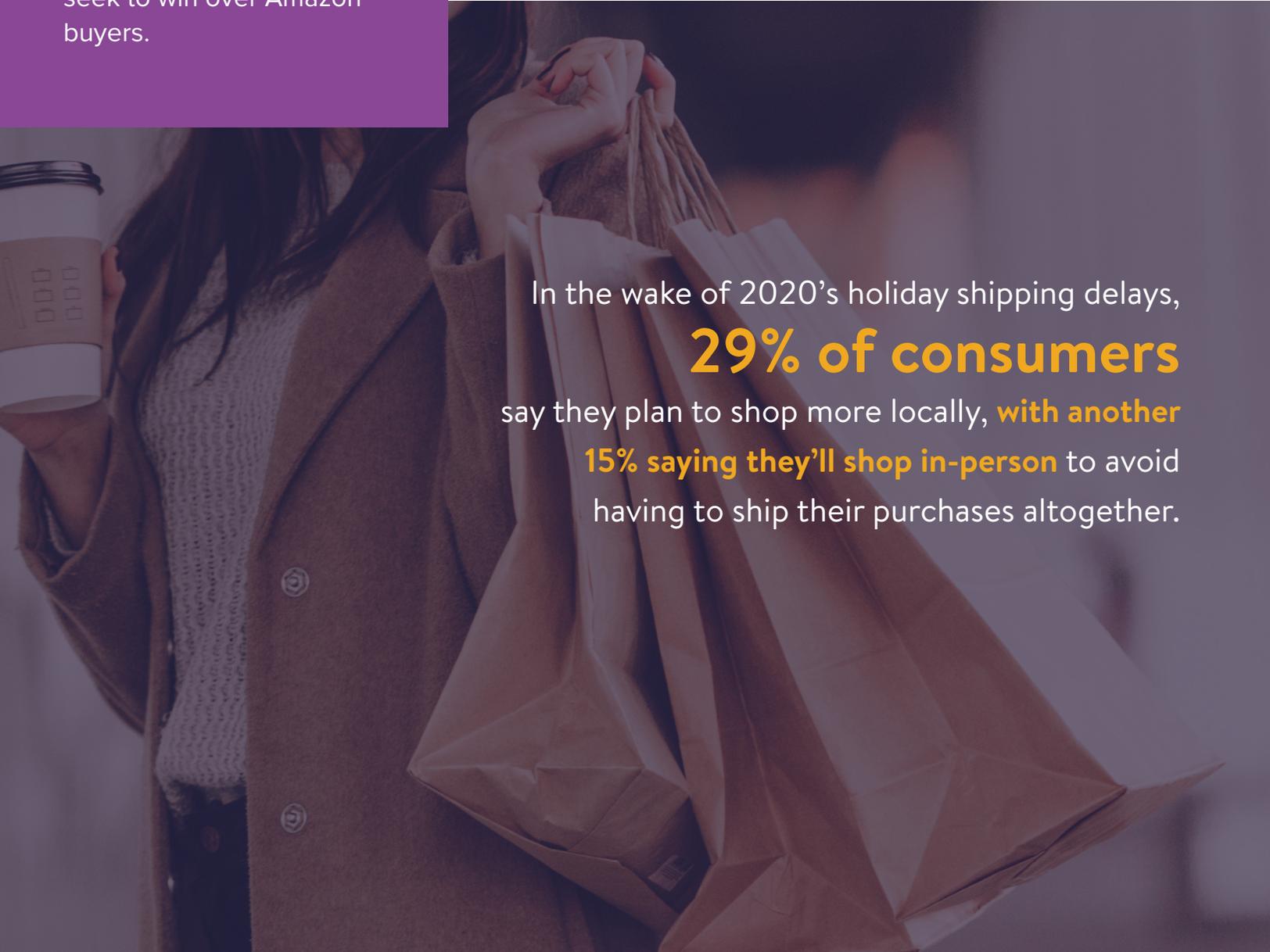
Holiday delays give retailers a shot against Amazon in 2021

However apt they are to default to Amazon, shoppers say the 2020 holiday shopping experience—rife as it was with delivery slowdowns and late packages—will spur them to consider other options in the coming year. Close to 3 in 10 respondents (29%) say they plan to shop more locally after their 2020 holiday experiences, with another 15% saying they'll shop in-person to avoid having to ship their purchases altogether.

23% of shoppers say they'll be choosier about where they shop online in the future, potentially opening the door to independent retailers who seek to win over Amazon buyers.



Whether online or offline, 23% of shoppers say they'll be choosier about where they shop online in the future, potentially opening the door to independent retailers who seek to win over Amazon buyers. The prize could be substantial, as higher-income shoppers are overwhelmingly more likely to be selective: 29% of those reporting household income of \$75,000 and up say they now plan to vet their online retailers more carefully, compared with 20% of those earning less than \$75,000—a 48% gap in behavior.



In the wake of 2020's holiday shipping delays, **29% of consumers** say they plan to shop more locally, **with another 15% saying they'll shop in-person** to avoid having to ship their purchases altogether.



A checklist for success in an uncertain world

With the uncertainties of the pandemic continuing to reshape shopping as we know it and Amazon's strength only growing, feeling overwhelmed is understandable. But with focus and agility, there's plenty of room for retailers of all sizes to grow and thrive. Among the key priorities:

“

Amazon's fulfillment is its greatest asset and strength ... but at the same time, perhaps inherently, it is also Amazon's single point of failure. Any disruption to its fulfillment operations affects Amazon and its marketplace.”

Juozas Kaziukenas, Marketplace Pulse



Design fulfillment options that create competitive advantage

While it may seem crazy to try beating Amazon at its own game, the truth is that retailers have flexibility that Amazon doesn't when it comes to order fulfillment. After making massive investments in its freight and delivery business and coast-to-coast warehouses, Amazon has no choice but to use its own network exclusively, whereas independent retailers can nimbly pick from among a range of carriers and shipment options and offer customers a menu of fulfillment speeds and costs to suit their needs. The key is to ensure that all the elements of the delivery experience are orchestrated and working in concert. Retailers should:

- **Reimagine the fulfillment potential of stores.** Not only should retailers be offering store and curbside pickup, but they should consider shipping from store locations for more efficient last-mile operations, and even partnering with local delivery services for optimal speed.
- **Maximize transparency.** Proactive communication about delays and delivery status was the least popular reason to use Amazon, with fewer than 1 in 5 (19%) saying it's a factor. This translates into an opportunity for retailers to stand out by showcasing excellent customer service and communication.
- **Expand local delivery networks for increased flexibility.** More last-mile carriers translates into more options when peak demand and unforeseen delays threaten to trigger delivery exceptions.



Test checkout flows, and test again

With shoppers prioritizing Amazon's convenient and easy-to-use ordering mechanisms, retailers should do their utmost to streamline their own offerings across touchpoints. Well-established best practices should be put into play to make the path from cart to checkout to post-order as predictable and efficient as possible, including alternative payments, integration with loyalty programs, and easy shortcuts for reorder and replenishment.



Use authentic content to set offerings apart

Retailers should capitalize on the drop in Amazon's reputation as the go-to site for wide product assortment and promote the breadth and depth of their own offerings. Robust product imagery, including next-generation 3D and AR to assist home-bound shoppers, profiles of the creators and artisans behind the products, expert buying guides, and how-to videos can all differentiate retailers' offerings. Reviews with icons and badges indicating which submissions come from verified purchasers, along with capabilities such as video and photo submissions with reviews, can counteract questions about authenticity and provide useful buying guidance.



Promote sustainability to win high lifetime value audiences

Increasingly, [consumers expect brands to lead on advocacy for social and environmental justice](#), so brands with authentic connections to causes should integrate them meaningfully into their offerings. Doing so has the added benefit of appealing to the three in 10 wealthy shoppers and shoppers under 30 who believe Amazon is damaging the planet, both audiences worth courting for their potential lifetime value. To get started:

- **Tend to internal safety, sustainability, and equity.** From COVID-19 prevention measures for staff and customers to diversity practices in hiring and promotion, transparency around internal initiatives is now a prerequisite for credibility when it comes to cause marketing.
- **Integrate sustainability with fulfillment initiatives.** Promoting slower-but-greener shipping options, sustainable and reusable packaging, recycling initiatives, and even peer-to-peer resale opportunities can help boost brands' sustainability reputations.

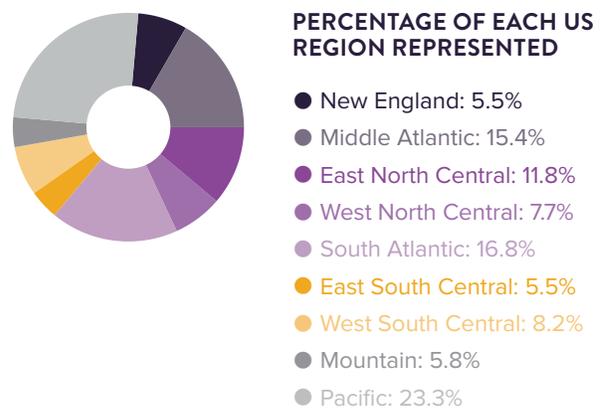
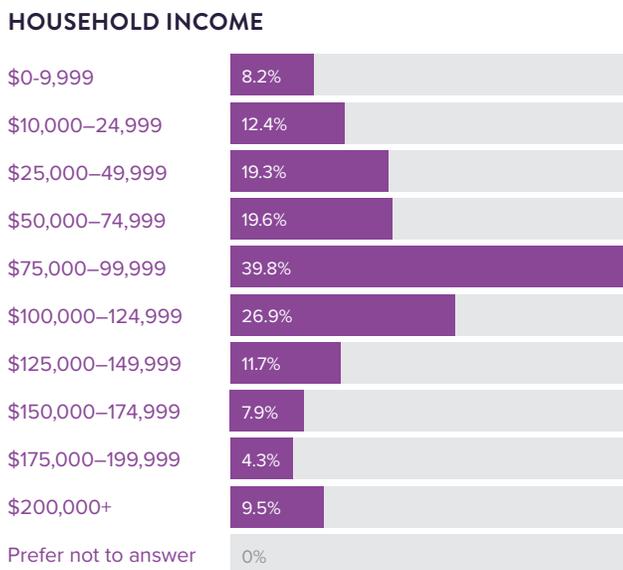
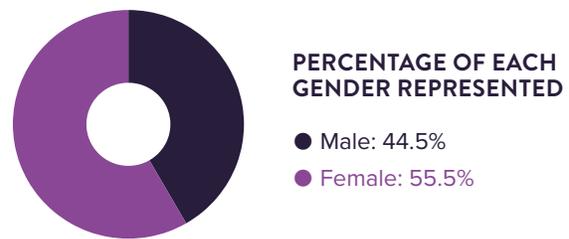


Conclusion: Retailers must counteract scale with agility in 2021

Amazon's dominance has only grown during the global pandemic, thanks to its relentless focus on efficient, fast, and free delivery to customers stuck at home. But shifts in consumer buying habits spurred by the pandemic have exposed some areas of risk for Amazon.

Retailers have an opportunity to neutralize Amazon's scale with agility, diversified fulfillment options, broad product assortments, engaging content, and authentic sustainability initiatives can help brands thrive through any future uncertainties. The retailers who exploit these opportunities will fare better against the competition and be positioned to take their share of digital sales in 2021.

Audience Demographics



About Convey

With delivery expectations skyrocketing, brands cannot leave the critical last mile to chance. Convey's Delivery Experience Management platform combines real-time visibility, post-purchase experiences, and advanced insights and analytics to create a solution uniquely capable of perfecting last mile delivery. Supply chain and customer experience leaders including Neiman Marcus, Jet.com, and Eddie Bauer rely on Convey's software and expertise to take action to ensure shoppers get their orders how and when they want, resulting in happier, loyal customers and a lower cost to serve. Founded in 2013, Convey is backed by Silverton Partners, Techstars Venture Group, RPM Ventures and based in Austin, Texas.

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