

Amazon disruption through the eyes of consumers

July 2018



RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

Elected Australian Member
Ebeltoft Group
International Retail Experts

Find out more at www.retaildoctor.com.au

Powered by **LiGHTSPEED** **RetailDoctorGroup®**
CONSUMER & RETAIL EXPERTS



At Retail Doctor Group we deliver **insights driven implementation**

Understanding your consumers to guide all aspects of your retail strategy and creating the key implementation steps to achieve this.

Our research into Amazons impact on Australian consumers retail behaviour showcases how to utilise consumer insights to inform and guide key aspects of your retail operations influencing everything from brand attributes, store layout, marketing strategy to staff training and category management.

We will get to know your business and your consumers and provide you with a strategic implementation plan to stay ahead of your competitors.

Contact us to understanding how to “be the best retailer you can be” and prepare your business to succeed against retail disruptors.

This research was presented at the Market Research Mobile World Conference in Singapore in June 2018 and at Retail Doctor Group Fit for Business™ breakfast event in July 2018.

Retail is being disrupted!

...and consequently customer expectations are being reshaped!



New entrants are challenging traditional players and re-shaping customer expectations

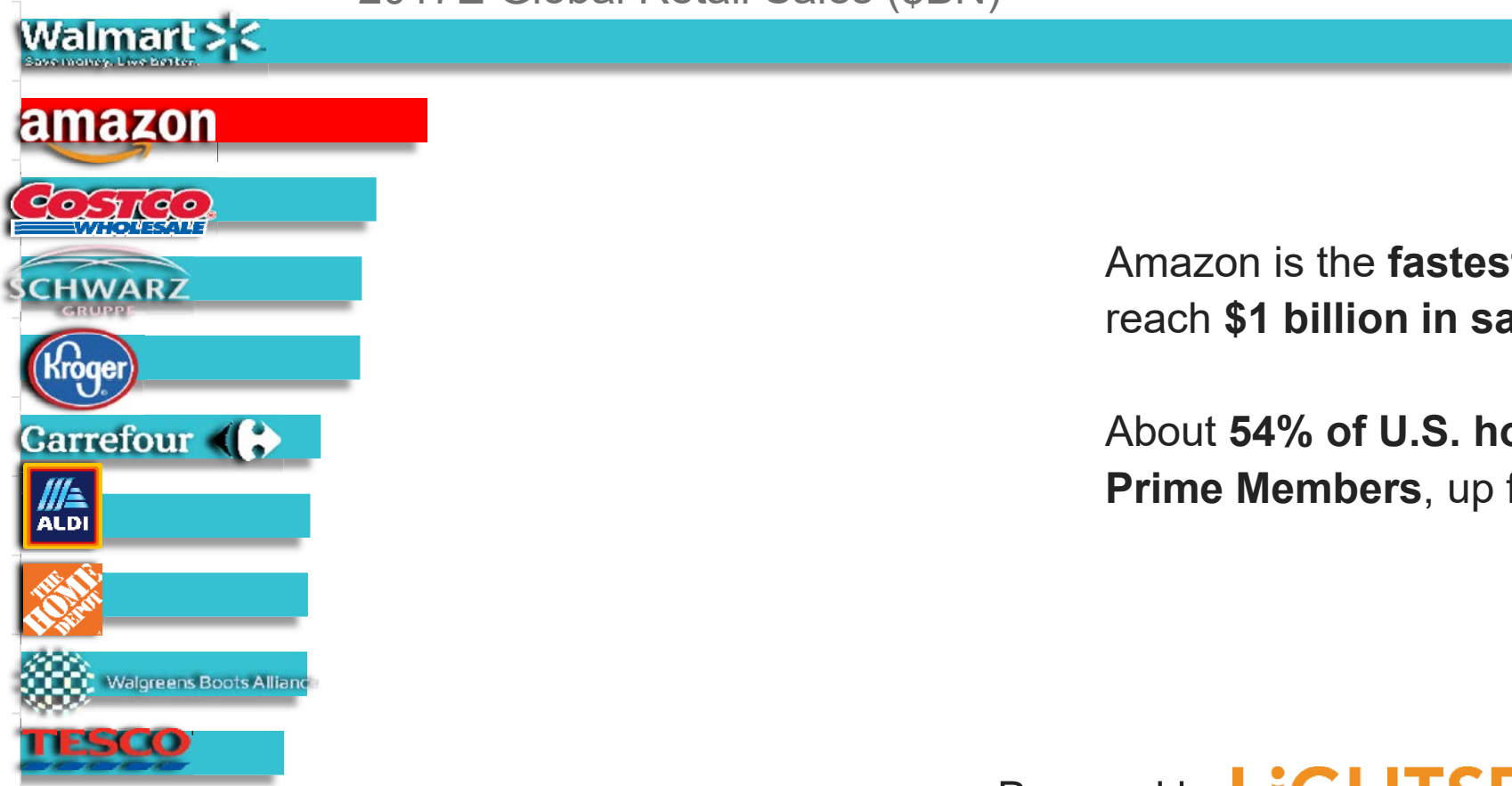


Meaning consumer
understanding has never
been more important



Amazon Changing (and Will Change) the Retail World

2017E Global Retail Sales (\$BN)



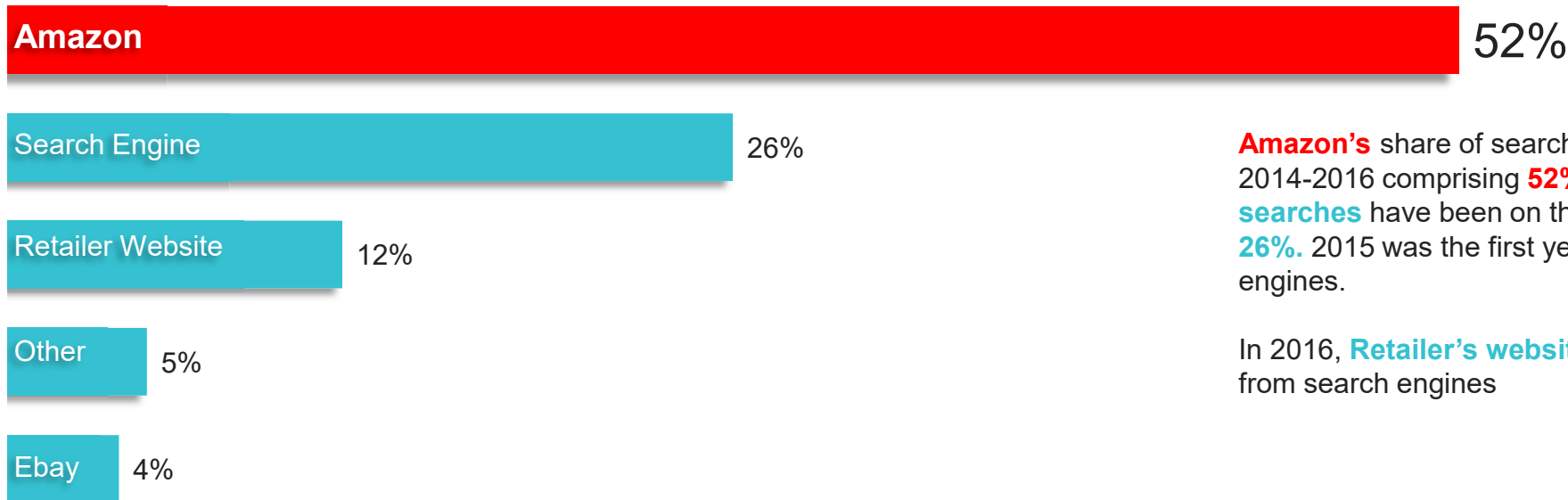
Amazon is the **fastest company** to ever reach **\$1 billion** in sales.

About **54% of U.S. households** are **Prime Members**, up from 18% in 2013

And has Surpassed Google in Share of Search

The majority of consumers now start their online shopping search on Amazon vs. search engines like Google

Share of Searches 2016



Amazon's share of searches has grown steadily from 2014-2016 comprising **52%** in 2016 while **Search Engine searches** have been on the decline, now making up only **26%**. 2015 was the first year Amazon surpassed search engines.

In 2016, **Retailer's websites** captured **12%** of searches from search engines

And the Biggest Deal Yet...

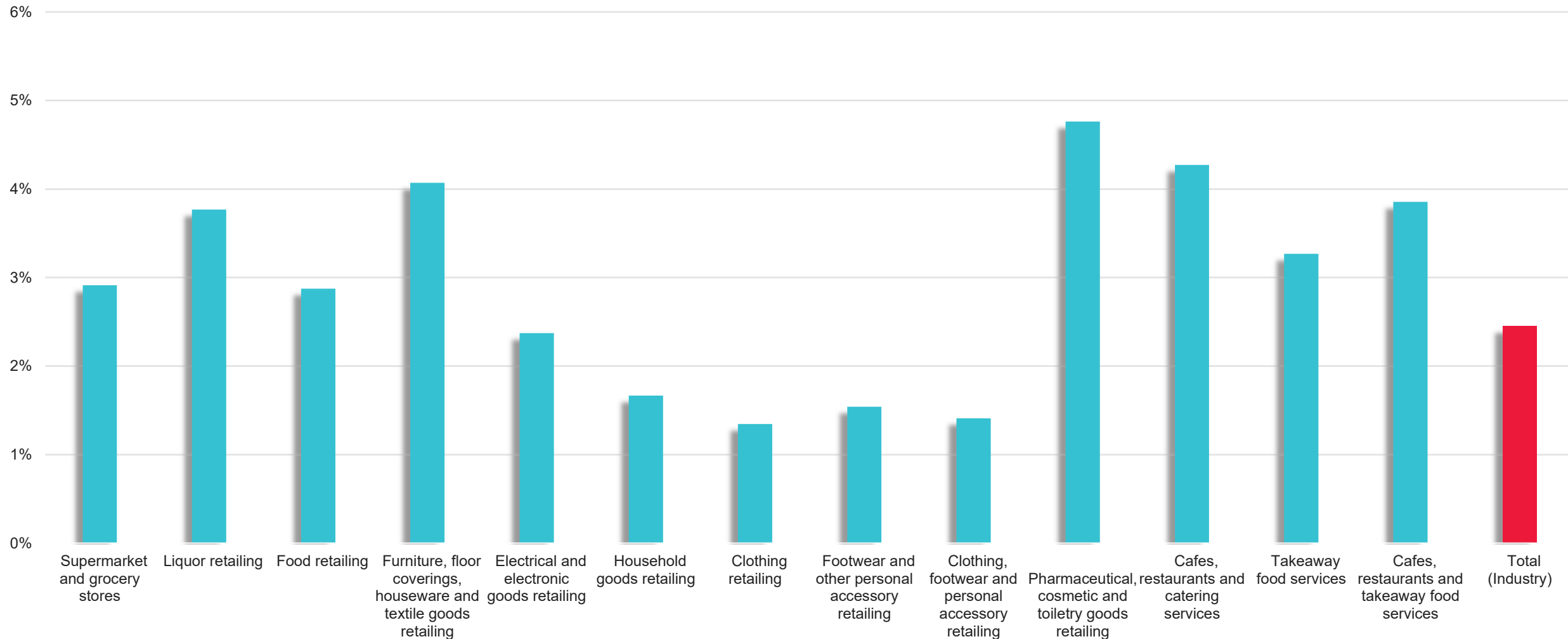


Bezos: Alexa, buy me something from Whole Foods

Alexa: Buying Whole Foods



Australian Retail Sector Growth Rate 16/17





The Retail Consumer of 2018

‘the 24 hour consumer’

Omni-Commerce

We are ‘shoppers’
24/7 and in situations,
times and places that
were previously dead
zones.

More Empowered

We know more about
your brand, products
and competitors than
ever before.

Attention Economy

Busier lifestyles mean
that we want to see the
‘right’ products for us
quickly and tune out
on non-relevant
content.

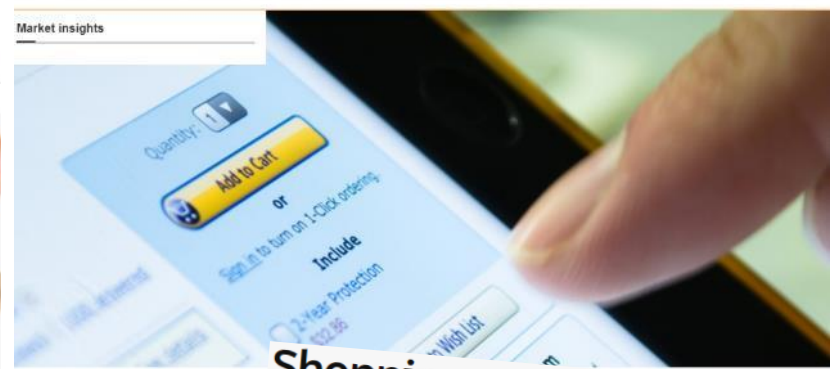


It's official: Amazon is hitting Australia and local competition is probably screwed

Why Amazon is eating the world

Is Amazon the end of Australian retail as we know it?

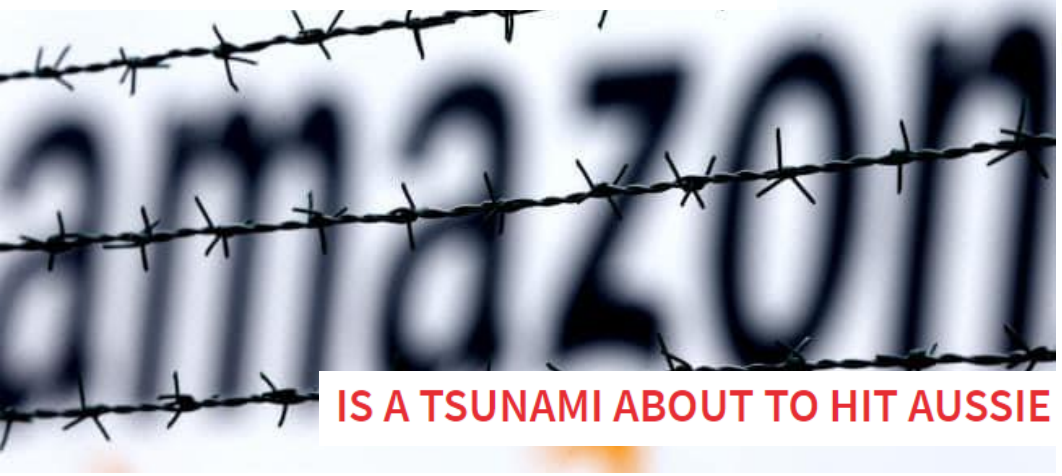
Market insights



2017 saw the launch of Amazon Australia and the Australian retail industry went into disruption!



Amazon is threatening these 8 industries



Shopping centre owners suffer from retail 'headwinds'

THE AMAZON EFFECT MORE PAIN IN THE RETAIL JUNGLE?



Amazon's Impending Arrival In Australia Has Retailers Trembling

#BRANDS, #BUSINESS MODELS, #FUTURE OF ECOMMERCE, #RETAILERS

IS A TSUNAMI ABOUT TO HIT AUSSIE RETAILERS?

How Amazon is Dismantling Retail and Destroying Brands

COLES RANKED 21ST BIGGEST RETAILER IN THE WORLD, WOOLIES 24TH (BUT AMAZON IS SET TO "DESTROY" THEM ALL)



Amazon Australia Timeline





Amazon: What Now?

Ebeltoft Group
International Retail Experts

Powered by **LiGHTSPEED** RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

amazon go

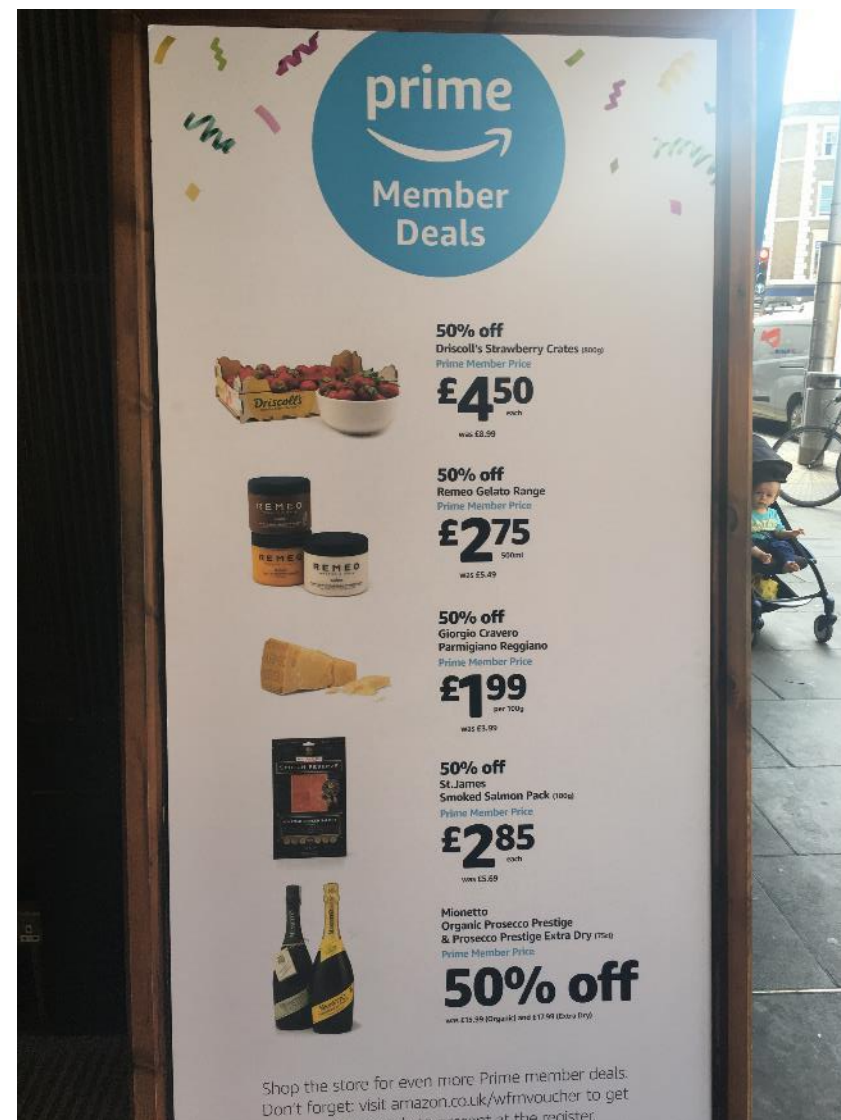
Welcome to Amazon Go and the world's
most advanced shopping technology.
No lines, no checkout—just grab and go!


Now open in Seattle!

Visit us at 7th Ave & Blanchard
Coming this fall to 5th Ave & Marion



Amazon in the Physical Store





amazonfresh

Welcome!

Find everything you need for your weekly shop – all at prices you can trust

With same-day delivery and one-hour slots, you can order by lunch for delivery by dinnertime.

amazon.co.uk/fresh

Prime lounge

Exclusive for Prime members

Visit our lounge on the first floor at Whole Foods Market Kensington. Open from 11am-7pm (12-6pm on Sunday) 14/7-17/7.

Ball pit (for adults)

Complimentary refreshments

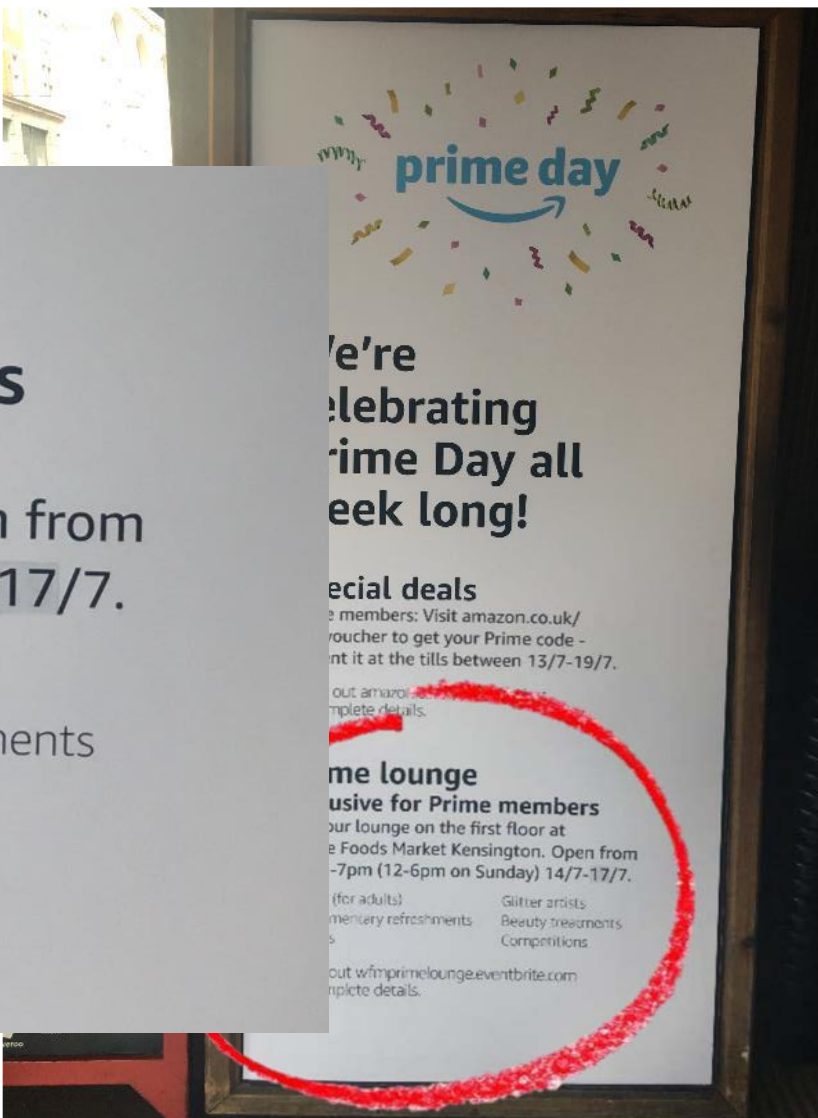
Live DJs

Glitter artists

Beauty treatments

Competitions

Check out wfmprimelounge.eventbrite.com for complete details.



prime day

We're celebrating Prime Day all week long!

Special deals

For members: Visit amazon.co.uk/ for a voucher to get your Prime code - valid at the tills between 13/7-19/7.

For more details, visit amazon.co.uk/

Prime lounge

Exclusive for Prime members

Our lounge on the first floor at Whole Foods Market Kensington. Open from 11am-7pm (12-6pm on Sunday) 14/7-17/7.

(for adults)

Complimentary refreshments

Live DJs

Glitter artists

Beauty treatments

Competitions

Check out wfmprimelounge.eventbrite.com for complete details.

The Amazon strategy



Sales doubled
in last 3 years

But its international sales have not kept up.

To boost sales in its international markets, Amazon is working on replicating one of the key strategies responsible for its US growth: **Amazon Prime**.

The service was launched 11 years ago in the US with ***free two-day shipping for subscribers.***

Objectives of our research

Pre-Launch

- Understand how Amazon was going to be received in the AU market by consumers
- Give retailers the tools to mitigate the risk

Post-Launch

- What happened vs what consumers and retailers predicted
- Understanding how and why consumer sentiment and behaviour changed post Amazon launch
- What are the learnings for retailers and next steps

Establishing learnings for future launches that challenge traditional retailers - this isn't going to go away!

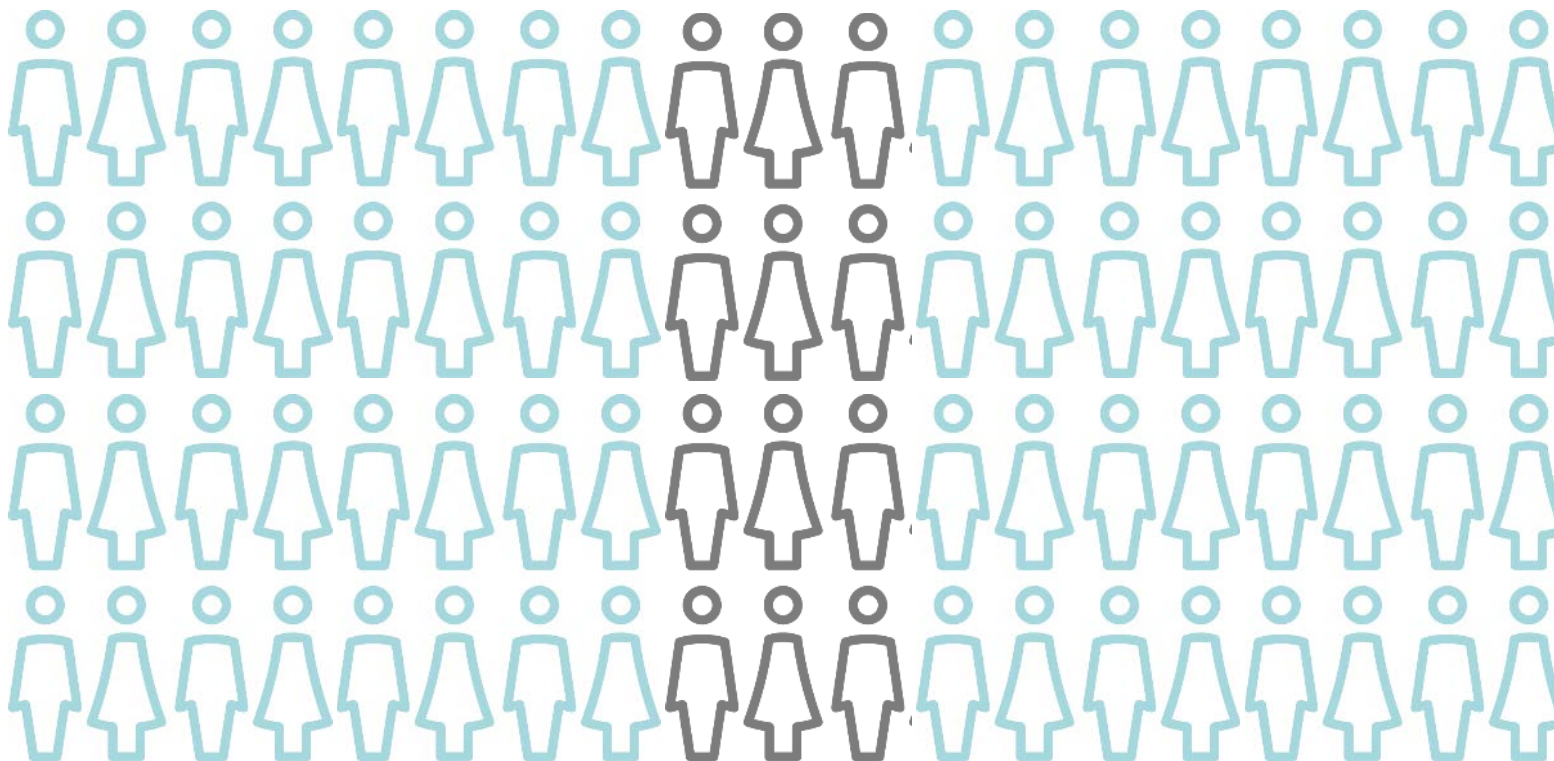


So we conducted two studies, pre and post the launch of Amazon in Australia

We surveyed over

1000

Australian consumers online both pre and post Amazon Launch.



As well as

199

Retail Industry Professionals in real-time, and online

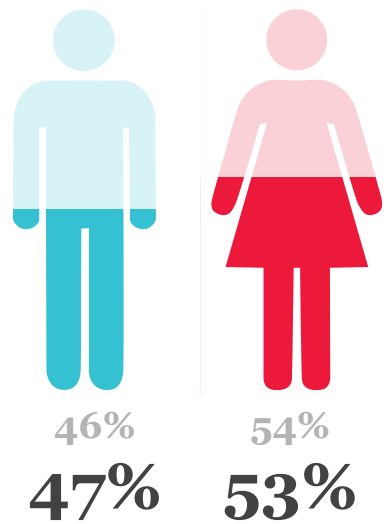
August 2017

April 2018

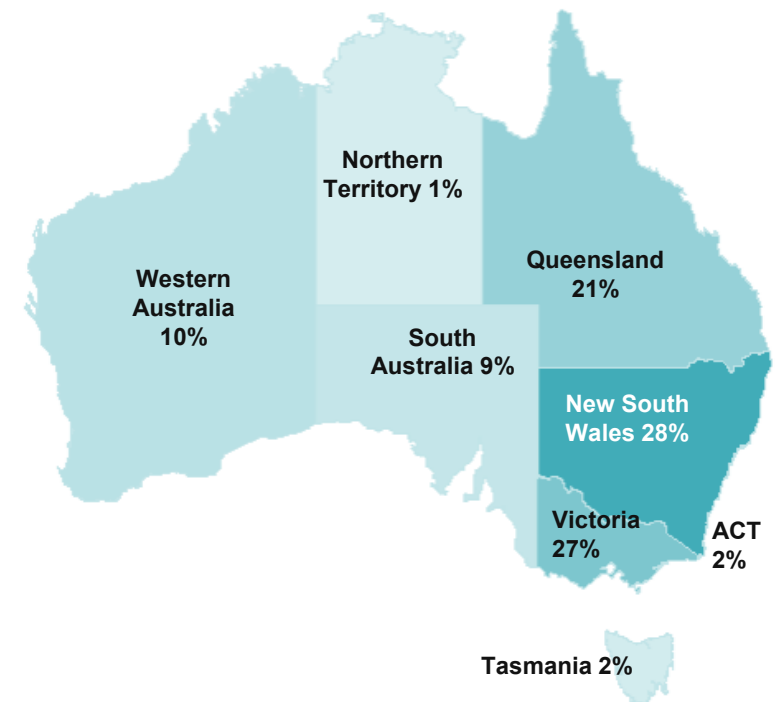
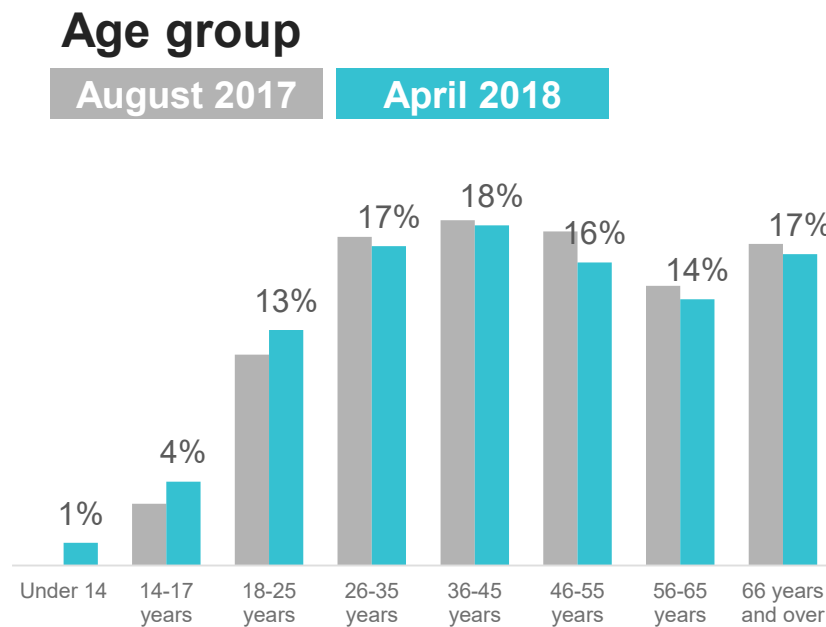
Powered by **LiGHTSPEED**

RetailDoctorGroup[®]
CONSUMER & RETAIL EXPERTS

Our Research Sample statistically representative of Australian Consumers



N=1036 (Aug'17)
N=1167 (Apr'18)



Amazon came from a seemingly strong base

PRE LAUNCH – September 2017

100% of
Australians are aware of
amazon

37% of
Australians currently shop
at **amazon**

18%
use
amazon
regularly



2 in 3

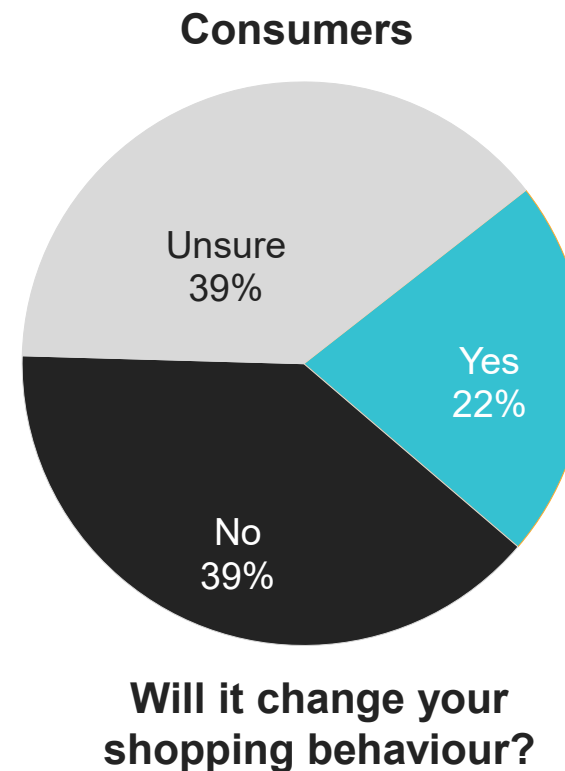
Australians stated
they are likely to shop
with Amazon when it
launches in Australia



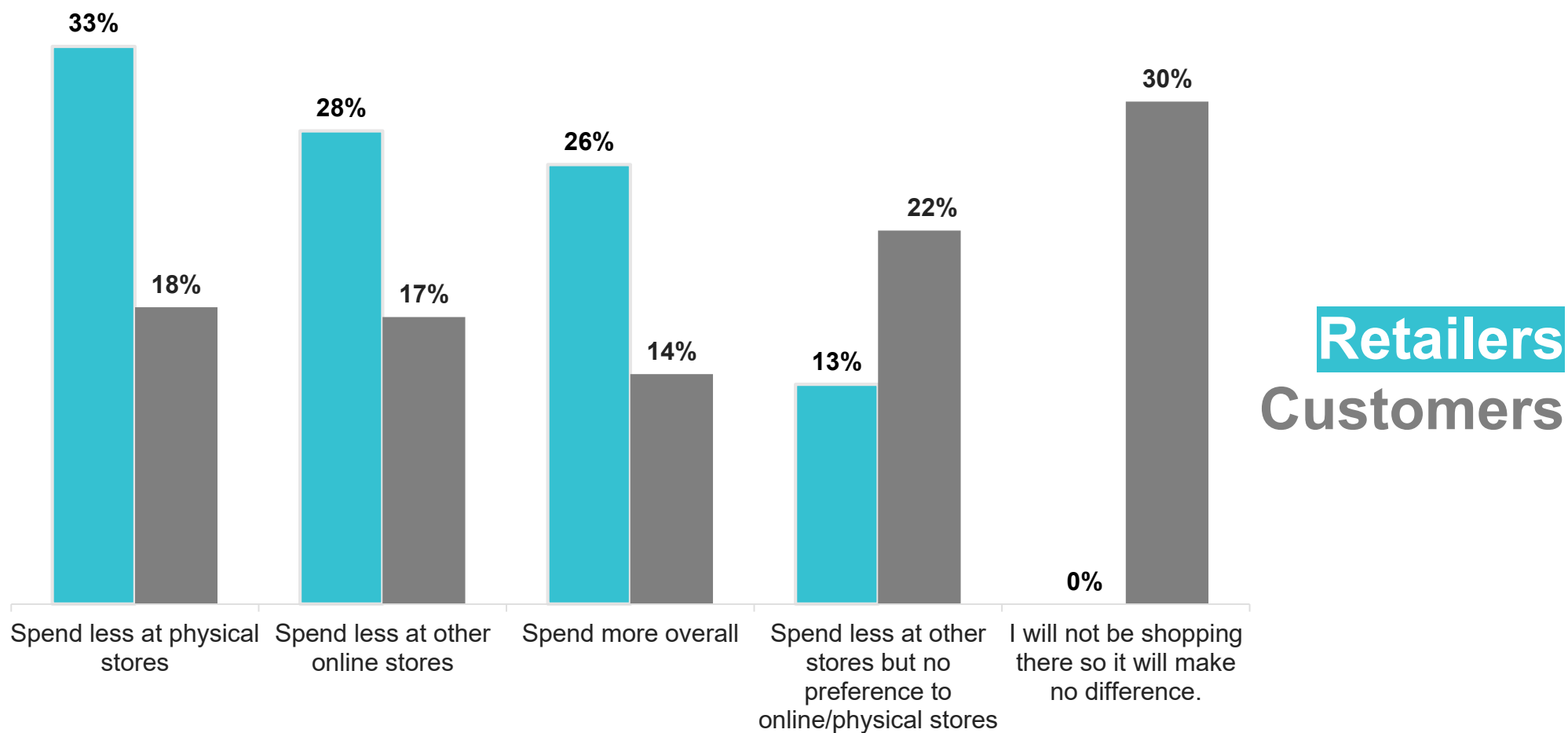
Both retailers and consumers predicted Amazon making an impact on the traditional retail marketplace, although to varying degrees

97%

of retailers
expected their
customers to
start shopping
at Amazon



Both retailers and consumers predicted Amazon making an impact on the traditional retail marketplace, although to varying degrees



Source: RDG Insights, Customer opinions and perceptions about Amazon launching in Australia, August 2017

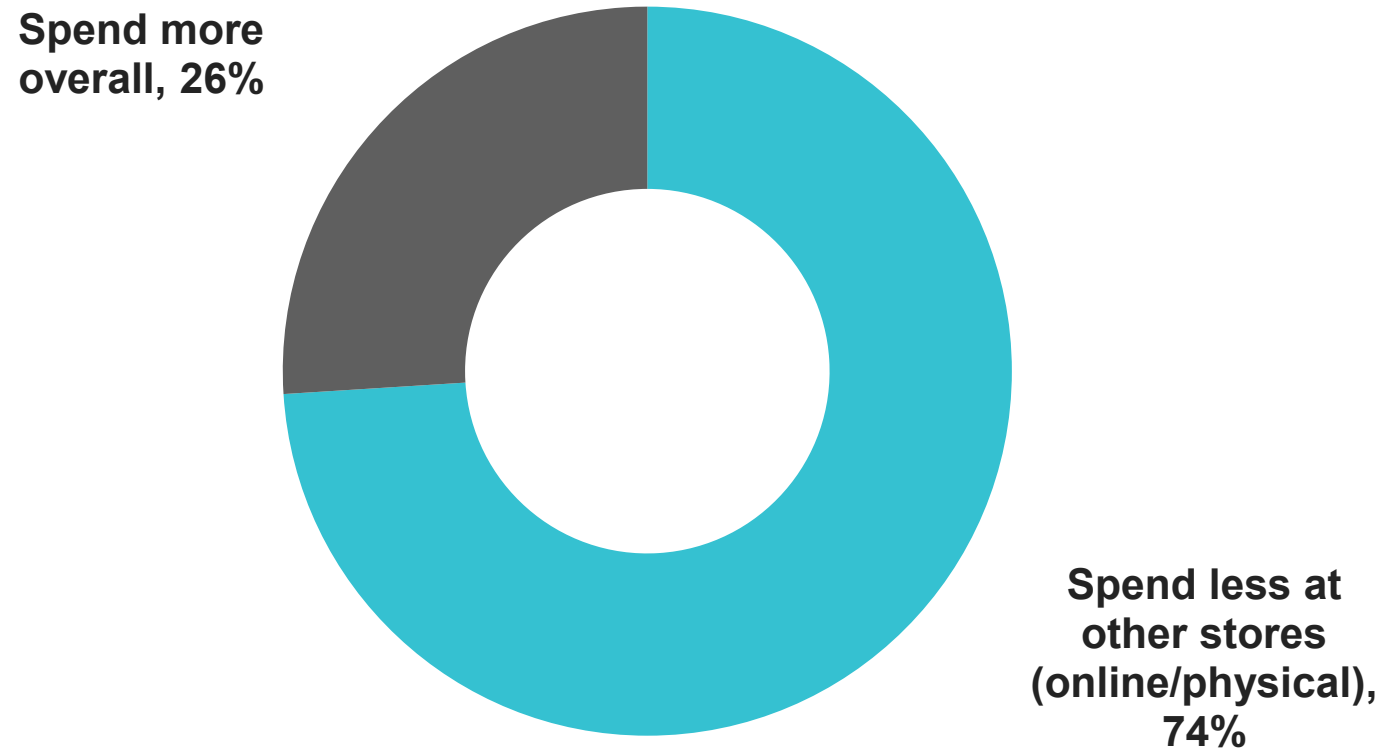
LIGHTSPEED

RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

Understand what your customer is thinking...



Retailers expected 74% of their customers to spend less with them



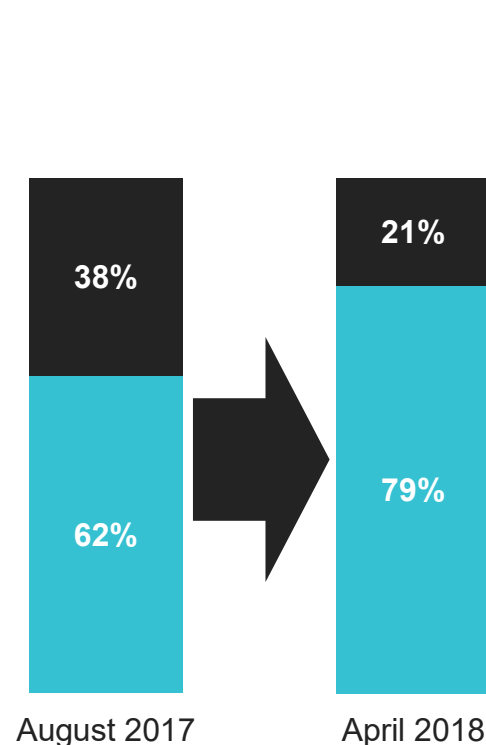
Source: RDG Insights, Customer opinions and perceptions about Amazon launching in Australia, August 2017

LIGHTSPEED

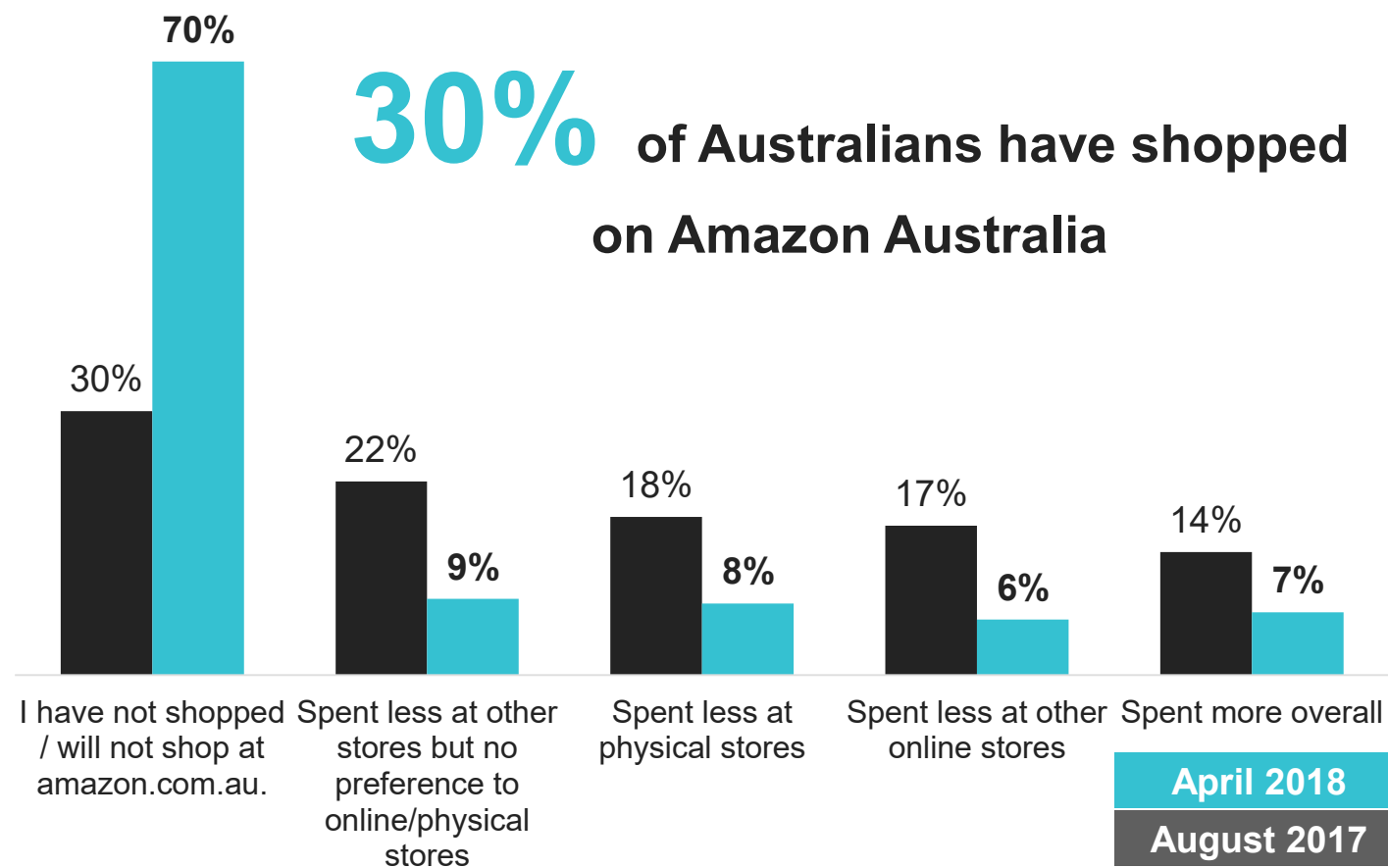
RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

But how is this turning out?

Education up but not necessarily helped with purchases

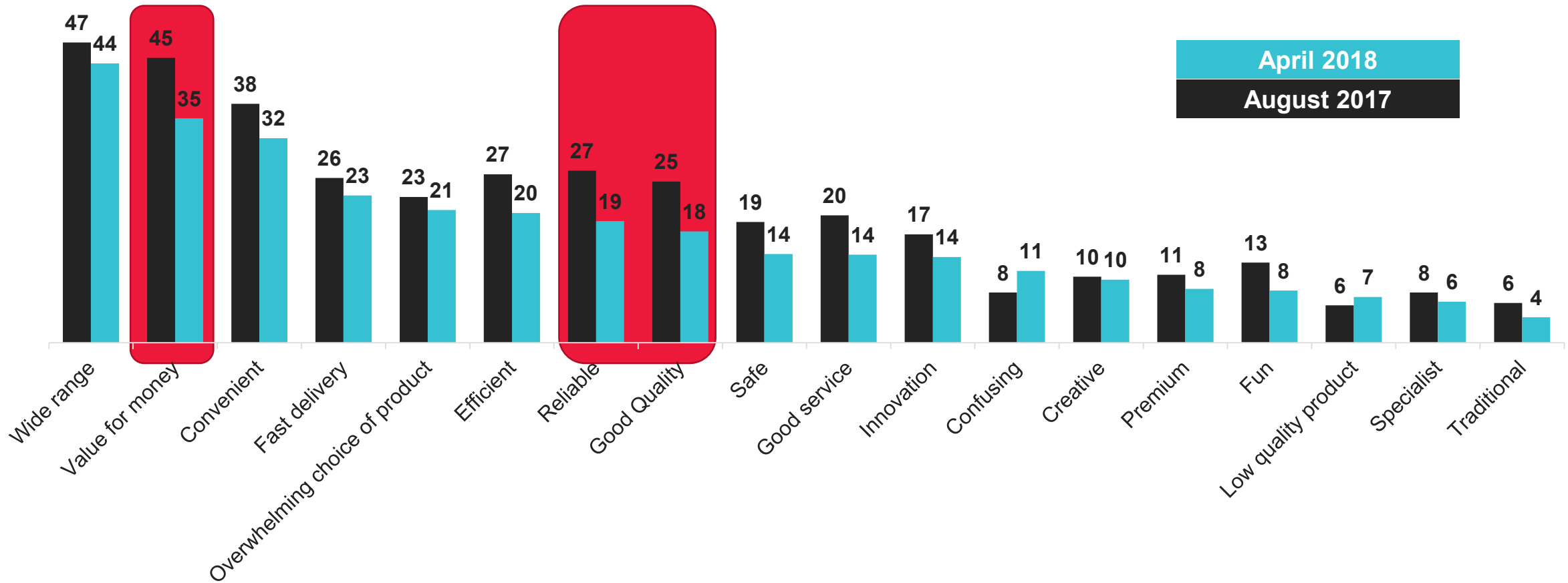


**Are you aware of
Amazon's launch in
Australia?**




Predicted vs Actual changes in customer behaviour


Amazons image also took a drop



Source: RDG Insights, Customer opinions an perceptions about Amazon launching in Australia, August 2017 April 2018



What does this tell us our customers are looking for at Amazon



- Wide range
- Value for money
- Convenient
- Fast delivery
- Efficient
- Reliable
- Good Quality

- Safe
- Good service
- Innovation
- Creative
- Premium
- Fun

Are you competing in these areas?

Credibility was down and has more uncertainty around it

From both consumers and retailers

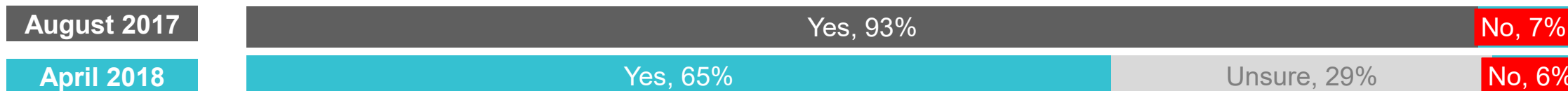
Consumers

Do you feel Amazon is a brand you can trust?



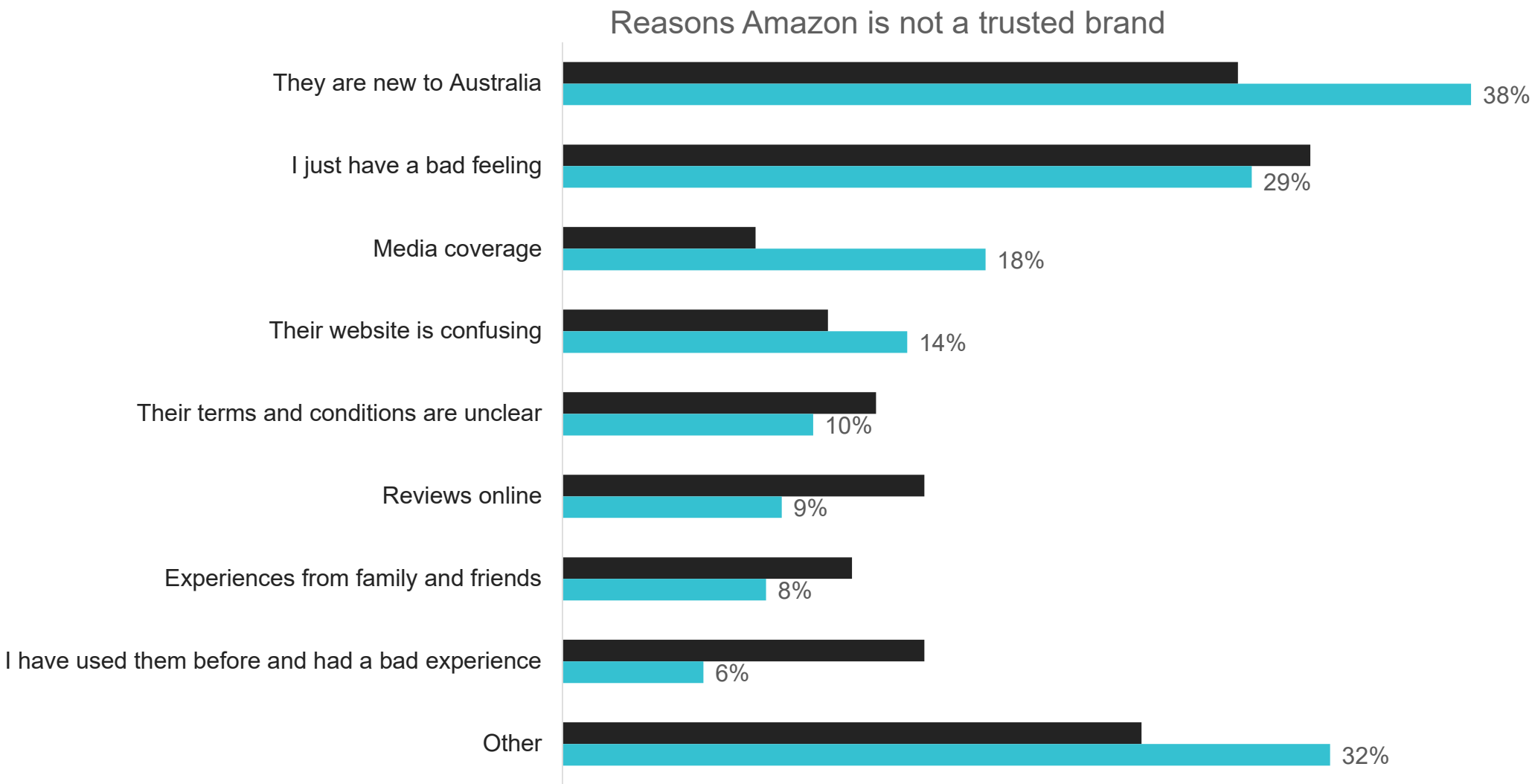
Retailers

Do you feel Amazon is a brand your customers can trust?





Brand trust is critical



April 2018
August 2017

Source: RDG Insights, Customer opinions an perceptions about Amazon launching in Australia, August 2017 April 2018

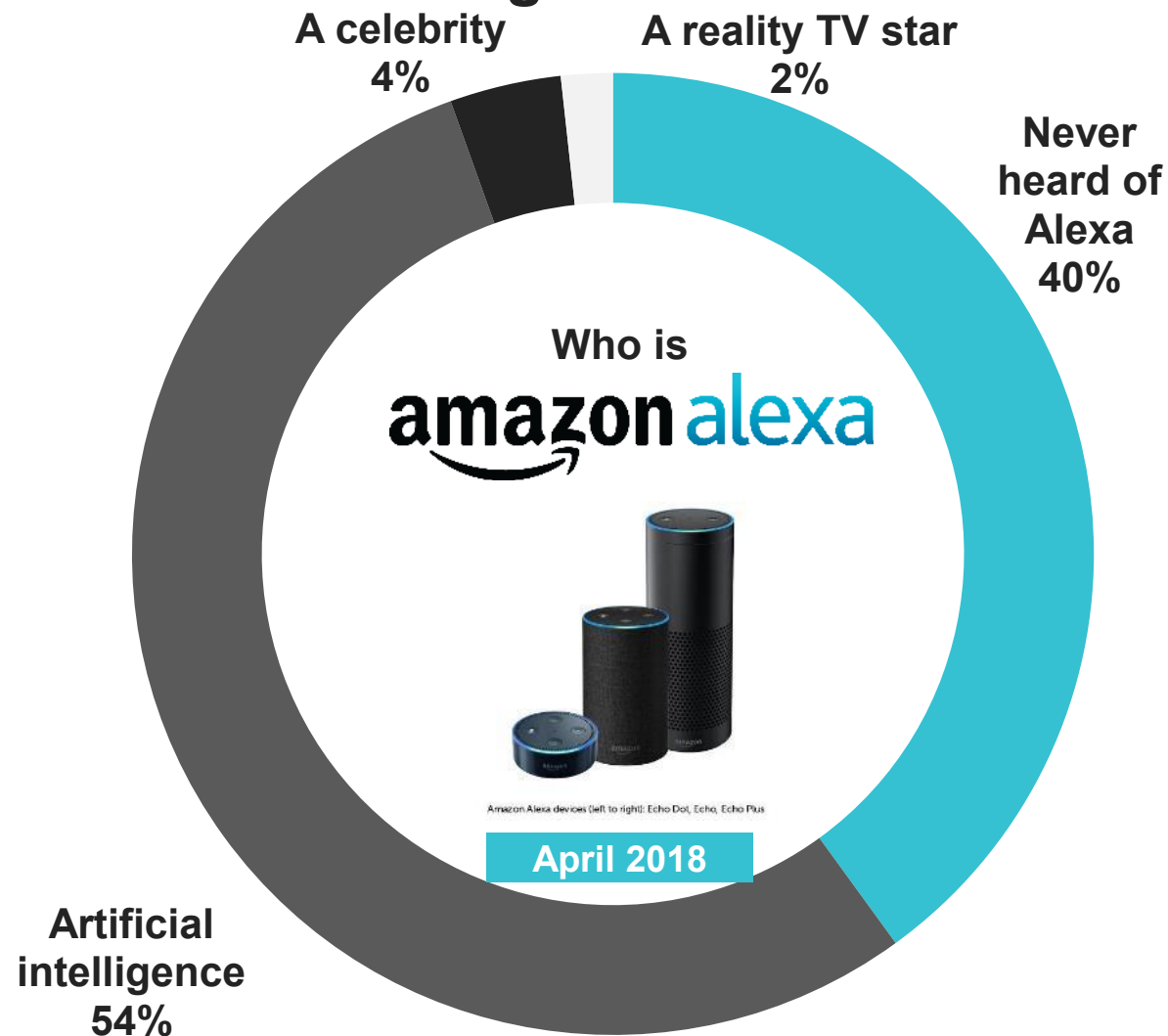
**Do
customers
trust your
brand?**



**How can
you build
this trust?**



Amazon Alexa and Prime are still unknown and causing confusion



Source: RDG Insights, Customer opinions and perceptions about Amazon launching in Australia, August 2017 April 2018

LIGHTSPEED

RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

What is Prime in Australia?

Unlimited reading



Unlimited Streaming



Unlimited Deliveries and special offers



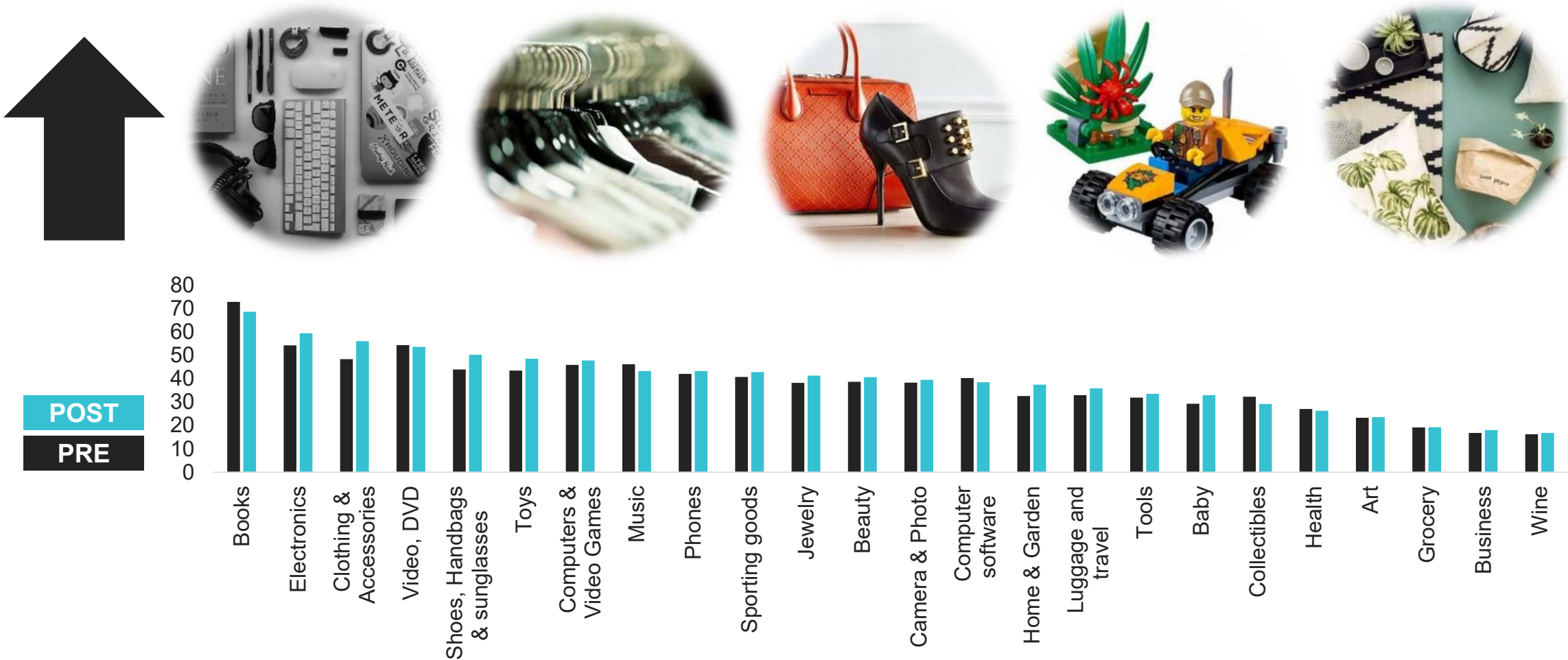
Unlimited Games & in Game purchases



Integration of Alexa – Simplified shopping

But some categories are doing well

Amazons offerings in Electronics, Clothing, Shoes, Handbags, Toys and Homewares have been noticed by the consumer.



Source: RDG Insights, Customer opinions an perceptions about Amazon launching in Australia, August 2017 April 2018

Leading to purchase in these categories



69% (73%)

45%

75%



59% (54%)

41%

61%



56% (48%)

37%

65%

Awareness

after (before) launch

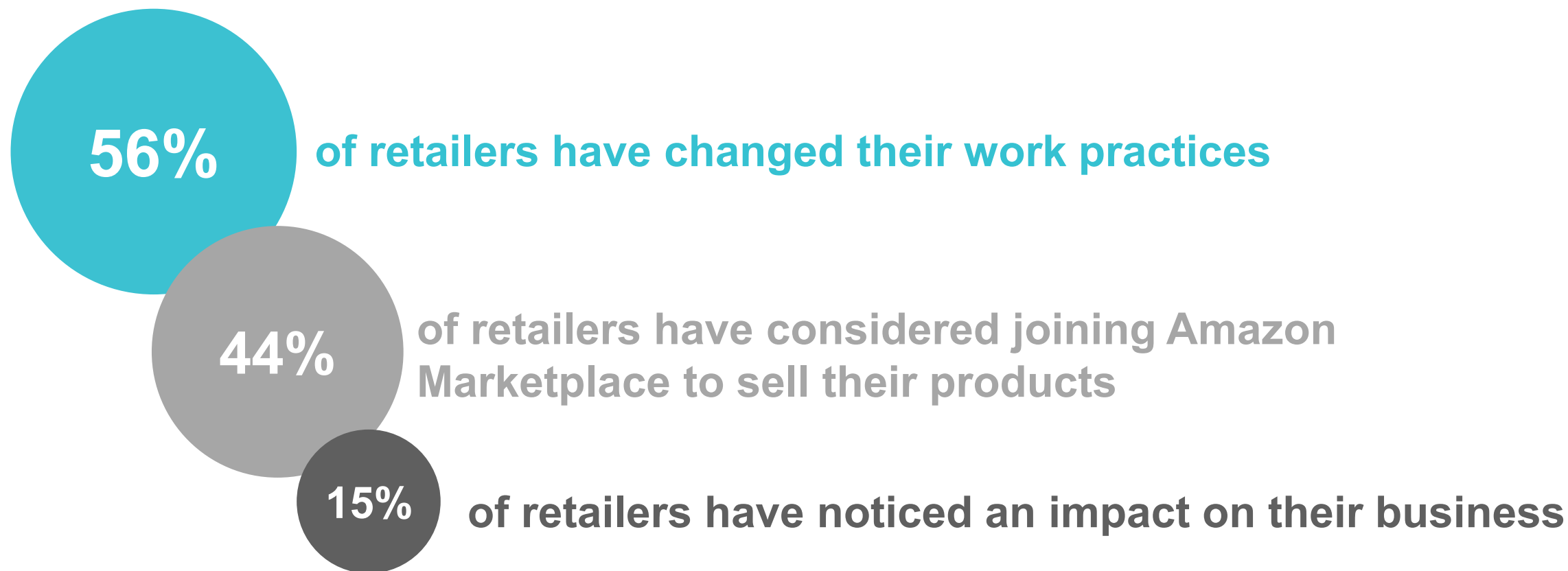
Consideration

before launch

Usage

after launch

Since Amazon's launch in Australia...



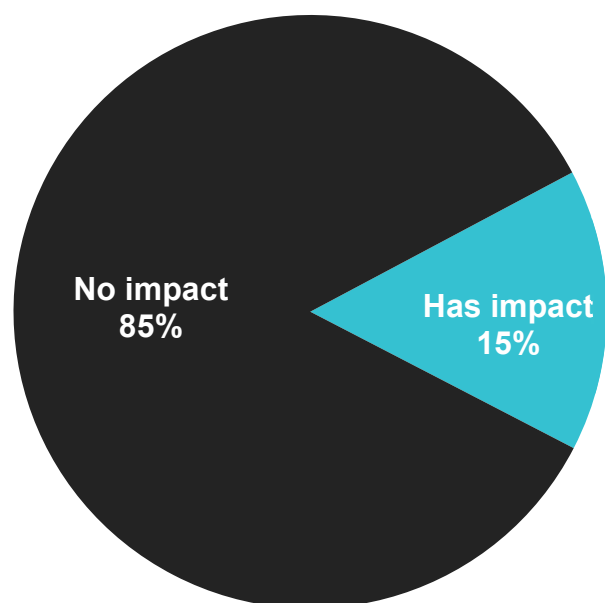
Source: RDG Insights, Customer opinions and perceptions about Amazon launching in Australia, August 2017 April 2018

LIGHTSPEED

RetailDoctorGroup®
CONSUMER & RETAIL EXPERTS

Retailers have seen less of an impact on sales than expected

Have you noticed an impact on your business since Amazon launched?



Think about your retail ecosystem...

Amazon is having a positive effect on retailers

Are you prepared for this?

How does your customer interact with you at all touchpoints?

Do all of your touchpoints make the customer journey effortless?



Focus on the Journey!



Business fitness tips



Dial up in store experience



Emotionalising your brand attributes

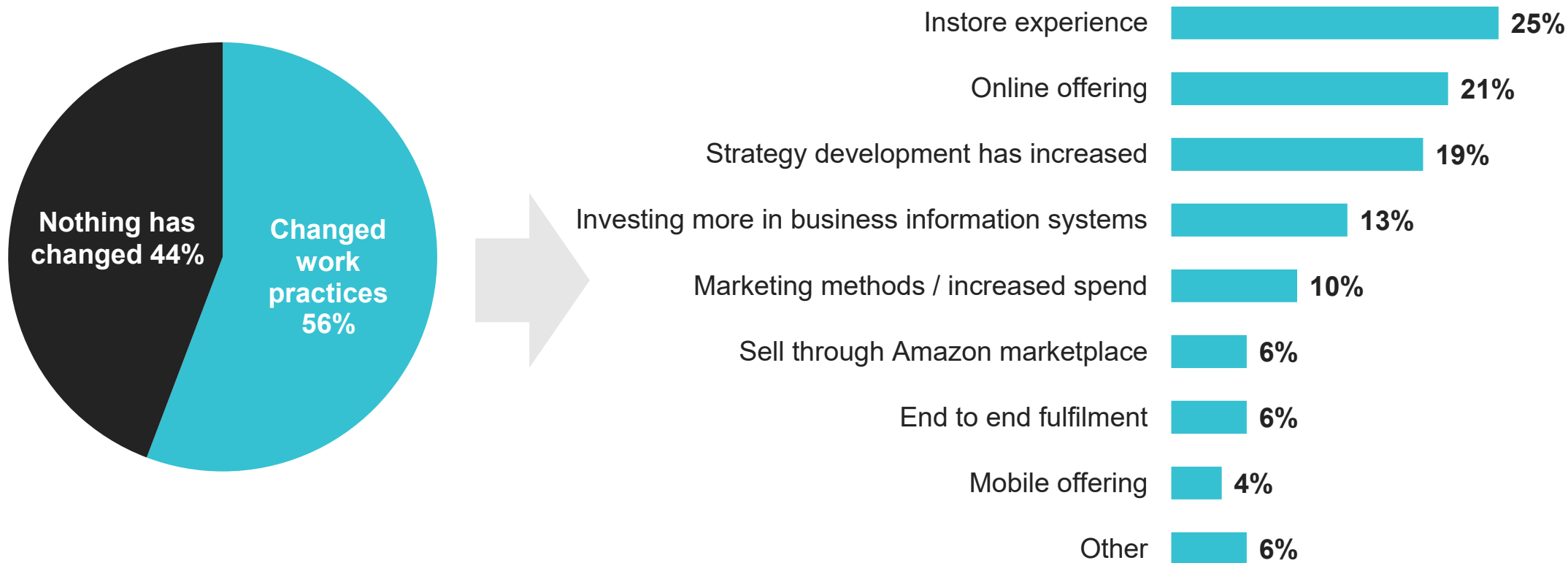


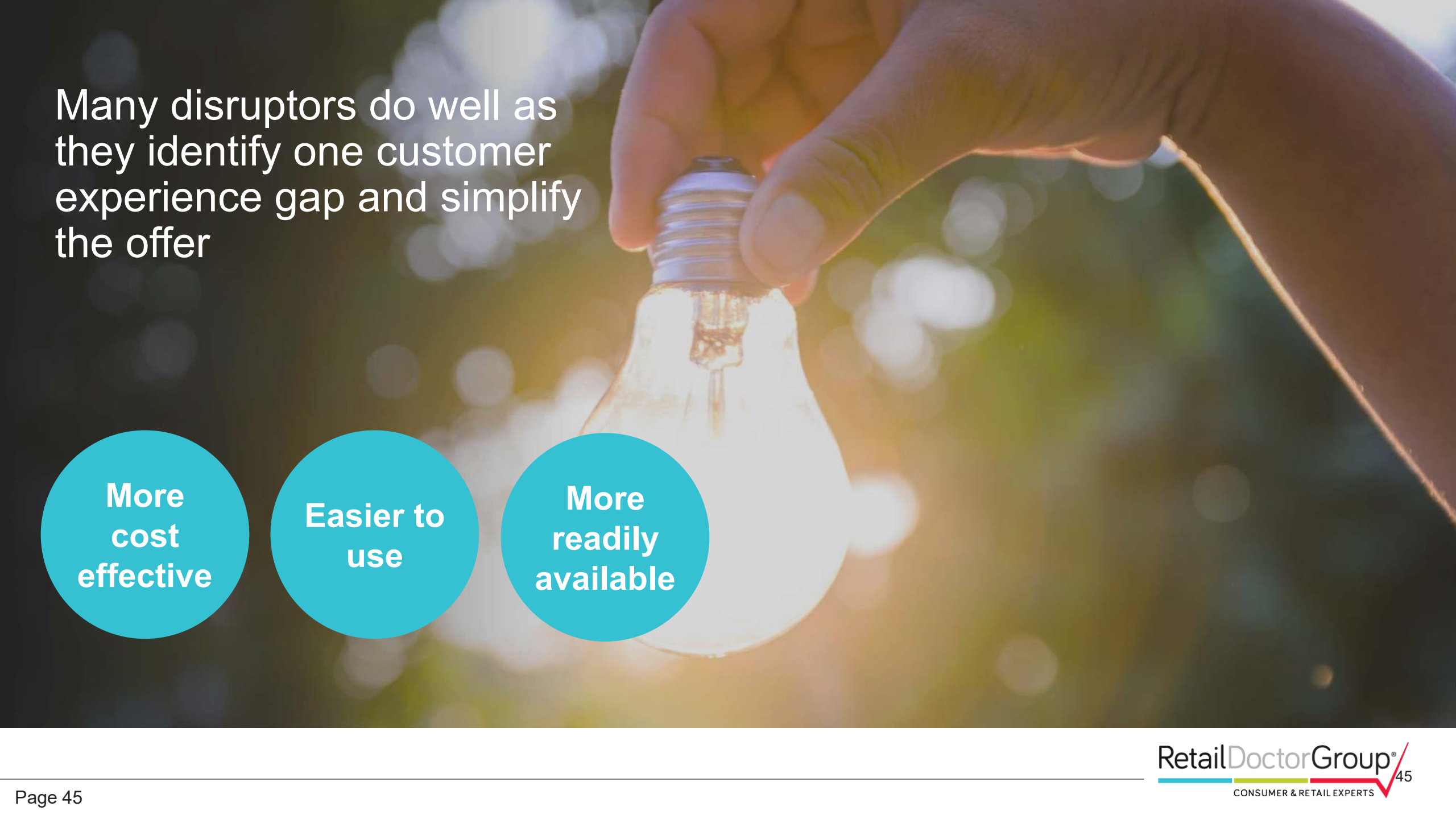
Building “one channel” retail ecosystem



**Increase analytics to drive customer behaviour
Personalisation**

However, they have made changes to the way they operate in order to compete



A hand holding a glowing lightbulb against a bokeh background.

Many disruptors do well as they identify one customer experience gap and simplify the offer

**More
cost
effective**

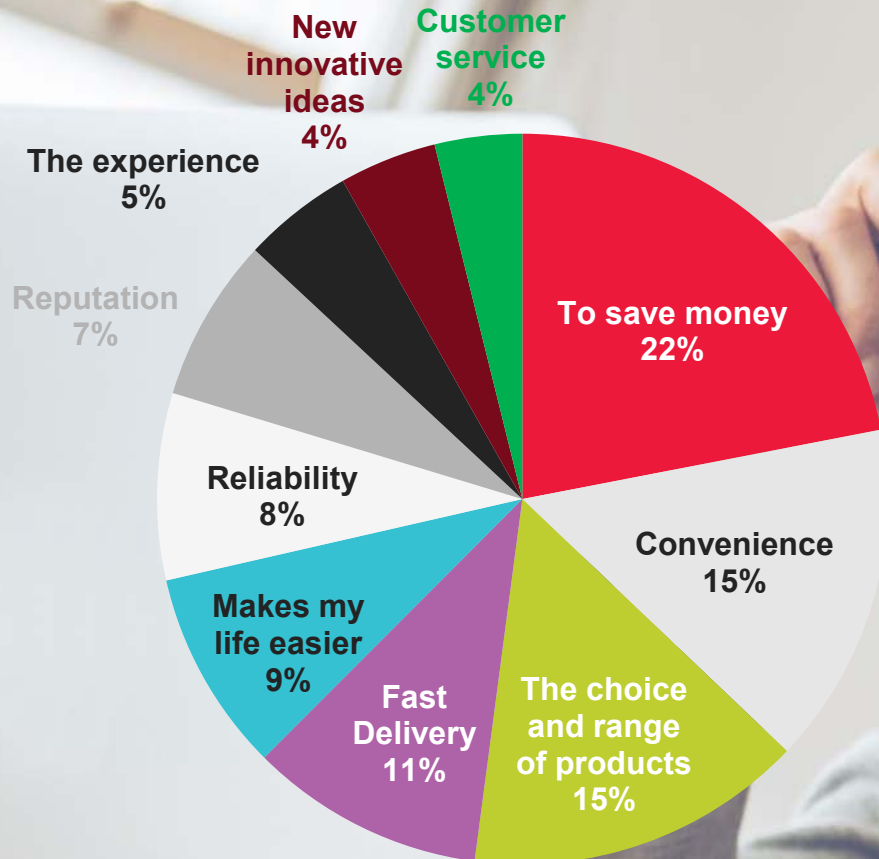
**Easier to
use**

**More
readily
available**

But Amazon came in with everything and didn't make that proposition clear



**Brand benefits
are critical,
perhaps more
so in today's
fast paced,
disrupted
consumer
landscape**



Source: RDG Insights, Customer opinions and perceptions about Amazon launching in Australia, August 2017 - April 2018

Business Fitness Tips



What is your point of difference?



Fulfilment is critical
“The last mile”
Transparent tracking systems



Simplify your customer order process
Predictive technologies



Building customer database

Business Fitness Tips



Build your community
Greater focus on loyalty
programs



Value add product,
move to service
enhancement



Customer Trust
Price Guarantee
Warranty's



Focus on quality

Final Thoughts...

Listen to your
consumers rather
than just
company
concerns

Predicting your
customers behaviour
and acting upon it

Identifying
your brand
strengths

Understand
the desired
in-store
experience

Build
Customer
trust

Understand
your
customer
touchpoints





Insights Driven Implementation

Understanding your consumer is the first part, having a partner to help you navigate and implement through these changes is the next step. Contact Anastasia and the team at Retail Doctor Group to be the best retailer you can be.

insights




strategy



implementation



www.retaildoctor.com.au | 02 9460 2882



This report has been produced by Retail Doctor Group based on information available at the time of publishing. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made at the time of its compilation, but no warranty is made to accuracy, reliability or completeness. No person should act on the basis of this report without considering and if necessary taking appropriate professional advice upon their own particular circumstances. We are under no obligation to, and do not, update or keep current the information contained in this report. If you receive this report in error, please do not use or disclose the contents, please delete and destroy all copies

RDG Insights® Pty Ltd remains the owner of the intellectual property in this report. Any unauthorised copying, alteration, distribution, transmission, performance, display or other use of this material is prohibited.