



**CONSUMERS LOVE AMAZON, BUT DON'T
LET THAT UPSET YOUR BALANCE**



There's no escaping it. When it comes to online shopping, Amazon dominates the scene, and it's all because consumers love it.

Salmon's latest market report into online shopping trends, *The Future Shopper: 2018 and Beyond*, reveals just how far consumer preference for Amazon, and online marketplaces in general, has developed.

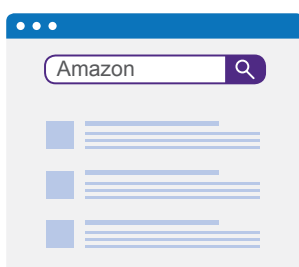
We surveyed the opinions and preferences of more than 3500 shoppers in the UK and USA who make at least one purchase online per month. The results revealed that not only are 55% of digital shoppers more likely to make a purchase on Amazon than anywhere else, just over half (51%) preferred to start their shopping journeys on Amazon, too.

For context, 16% said they started searching for products to buy on Google, by far and away the world's most popular search engine. And to confirm the major influence of online marketplaces, the next most popular place to make a purchase was eBay, named as the top shopping destination by 13% of respondents.

With figures like these, there are some obvious conclusions to draw about eCommerce strategy – if brands are serious about being where their customers are, they need a presence on Amazon and other marketplaces.

However, that is not to say that Amazon and other online marketplaces should be seen as the be-all-and-end-all of digital commerce. There is still plenty to recommend a balanced approach across different channels. Here's why...

Most consumers are making Amazon their first port of call



51%
prefer to start their
shopping journeys
on Amazon



55%
of online shoppers are
more likely to purchase
on Amazon

Source: "The Future Shopper" survey, April 2018, based on 3,516 online shoppers.

A balanced approach to counter Amazon's dominance

Aside from online marketplaces, the other two major eCommerce channels are websites operated by traditional retailers, and platforms operated by consumer brands themselves – so-called Direct to Consumer, or D2C, channels.

Our survey found that 9% of digital shoppers in the UK and US used retailer sites more than any other channel, while 6% went direct to the brand itself. In addition, another 6% prefer to buy via Google, and another 3% use social media sites like Facebook and Instagram. Notably, these channels are managed by retailers or directly by the brands themselves.

While these individual figures in isolation may appear dwarfed by the popularity of Amazon, they add up to just under a quarter (24%) of online shoppers using retailer or D2C channels.

All three of the main online shopping channels also offer different benefits to brands. For marketplaces, the main advantages are reach and growth. It is just common sense to have a presence on the channel that is most popular with consumers, which Amazon clearly is.

But brands have good reason not to want to turn themselves solely into digital market stalls. Traditional retailer-supplier relationships remain strong, with retailers having experience in selling goods efficiently and effectively to specific audiences. For example, the main benefit a tech gadgets retailer has over Amazon is expertise and aftercare. You can buy online and still go into a store to get advice, parts or repairs – a service which marketplaces do not offer.

D2C platforms, meanwhile, offer brands control over their own marketing and sales operations. Indeed, compared to pre-internet retail, D2C offers brands a much more convenient way to reach the end user directly, offering complete ownership over the entire process from production through to service, and the flexibility to make their own operational decisions.

By owning the end-to-end journey, brands can get real-time insight through data into the needs and preferences of new end users. This is something that isn't always available when using third parties such as marketplaces or retailers.

The picture by category

When we look closer within different product categories, we note there are differences in how online consumers shop. Some sectors show a strong propensity to shop via marketplaces, whilst others favour retailer or D2C channels.

In health & beauty and fashion, the number of consumers who prefer buying from retailer sites was very close to the number who use marketplaces. In grocery, more than a third of shoppers in our survey prefer retailer sites, with another third not buying FMCG goods online at all. Similarly, 31% said they did not buy luxury goods online, more than any individual digital channel.

What is clear is that Amazon occupies a dominant position in the consciousness of the modern online shopper. But when you dig down into purchasing habits by category, you see that retailer sites, brand sites (i.e. D2C), as well as in-store, still have prominent roles to play.

Presence across channels is a commerce imperative

Shopping journeys are becoming increasingly complex and difficult to map in a linear fashion. Brands and retailers can no longer expect consumers to begin and end their purchasing decisions in the same place, or even to use just a single channel in the same journey. Our survey found that 80% of consumers admit to using Amazon to compare prices when shopping on other sites or in store.

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To have a chance of matching the expectations that underpin this increasingly complex behaviour, brands simply have to have a presence on all available channels. Amazon is often depicted as a challenge to the traditional retail landscape which demands a compete or collaborate solution. The most effective approach, we recommend, is a blend of both. (You can read more about how to optimise your Amazon approach [here](#)).

Where do online shoppers begin their product search?



Source: "The Future Shopper" survey, April 2018, based on 3,516 online shoppers.

Based on popularity, convenience and the way it sets the standards for digital shopping in areas such as price, comparisons, user reviews, deliveries and use of technology, it would be very hard for any consumer brand to compete directly with Amazon. Even the biggest retailers such as Walmart, Best Buy and Target have found their work cut out trying to do so.

But collaboration does not have to mean capitulation. Maintaining strong relationships with leading retailers in your sector, as well as developing your own D2C strategies, offers choice to consumers and the benefits of reaching different audiences in various ways to address multiple needs.

At the same time, an online strategy which does not include Amazon (and possibly other leading marketplaces) is becoming increasingly untenable. One of the principles of successful retail is that you have to be where your market is. Patrick Munden, Global Head of Retail & Marketing at Wunderman Commerce concludes, ***“As a major force across categories, Amazon demands a role in any balanced eCommerce strategy alongside retailer channels and a brand’s own site. It’s not just about being where your customers are, but also the benefit of generating exponential efficiencies, expertise and revenues as these three channels interconnect.”***

Salmon, a Wunderman Commerce company, has a team of eCommerce multichannel experts who are working with leading brands to address both the opportunities and challenges addressed within this article. These are explored amongst other key themes in its ground-breaking, new report “The Future Shopper”. [Download your full copy here.](#)

In this report, we asked over 3,500 consumers from the US and UK aged between 18-64, and who shop online at least once a month, about everything from automated purchasing and the dominance of Amazon, to the rise of voice-activated devices and the shifting shopper priorities.

[Read the full report](#) “The Future Shopper – 2018 and beyond”

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