



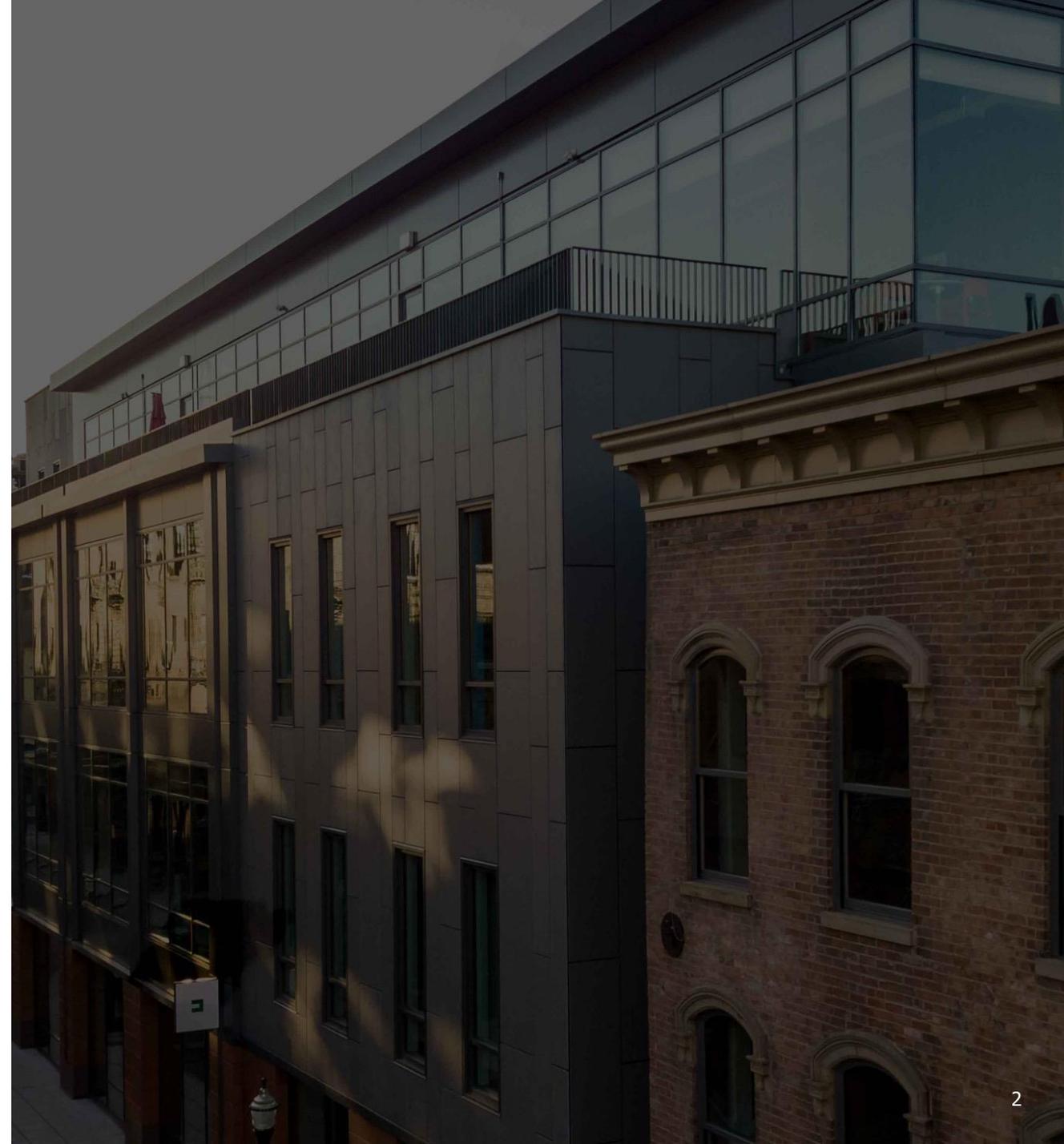
HELLO

“PRIMING” YOUR BUSINESS FOR AMAZON PRIME DAY 2020

Prime Day has become a significant manufactured shopping holiday on par with Black Friday and Cyber Monday. But with changing dynamics, what does Prime Day 2020 mean for **consumers**, **brands** and **retailers**?

Read along to get our thoughts on:

- Prime Day 2020 Uncertainty
- New Consumer Behaviors Amidst a Global Pandemic
- What to Expect from Prime Day 2020
- Other (Non-Amazon) Retailers can also benefit during Prime Days
- Priming for 2020





With Prime Day 2020 yet to happen, there is plenty of uncertainty

This year will bring the first Prime Day during the holiday quarter

2020 has brought in new shopping behaviors

Consumer confidence is on par with a recession

Inventory struggles have been of concern since March

Prime Day takes place right before an election

UNCERTAINTY OF PRIME DAY





Yet, retailers are still poised for success during the timeframe

Holiday demand will be pulled earlier thanks to a later Prime Day: We predict that the Prime Day event in October could potentially steal up to 10% of Cyber Week's digital revenue.

"There is a pent-up consumer demand" ... and Amazon "manufactured a day to increase commerce with Prime Day. There's no reason that a collection of e-commerce companies can't do something similar..."

Karl House, COO, Stack Commerce, August 2020

Salesforce, How COVID-19 Will Shape the 2020 Holiday Season, July 2020



New Consumer Behaviors Amidst a Global Pandemic

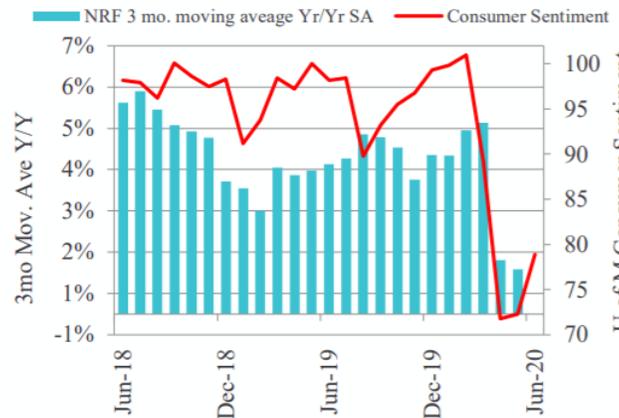


Despite improving since March, jobless claims are still high and consumer confidence is low, creating an urgency for deals

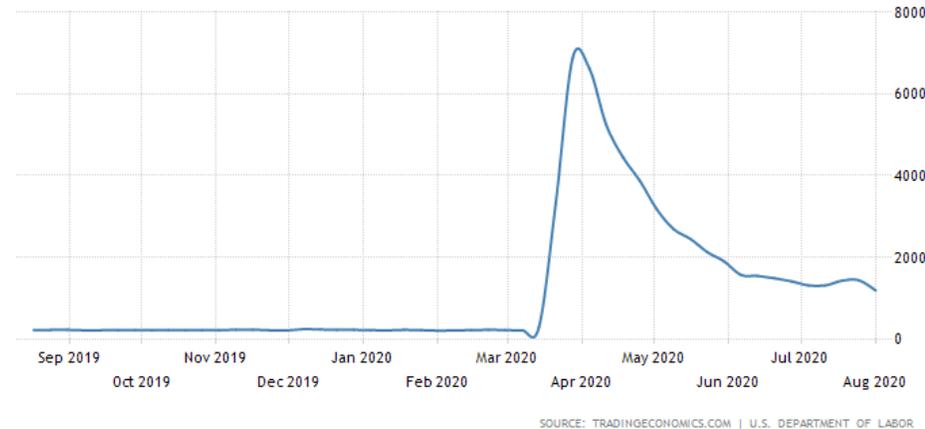


RETAIL SALES

The drought in retail sales appears to have bottomed, but confidence is at a level consistent with a recession. The back-to-back depressed sales should set up an easy percentage gain for June numbers.

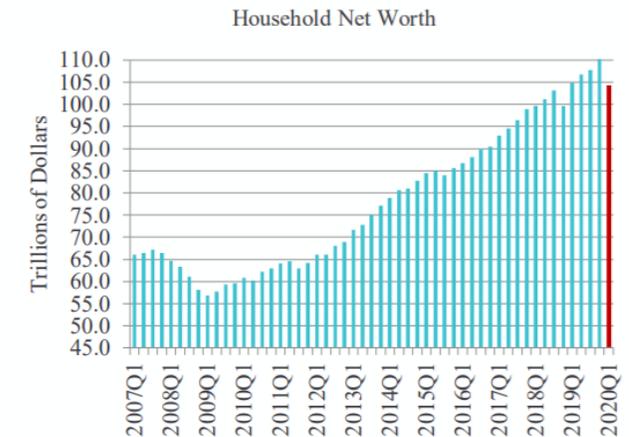


JOBLESS CLAIMS



HOUSEHOLD NET WORTH

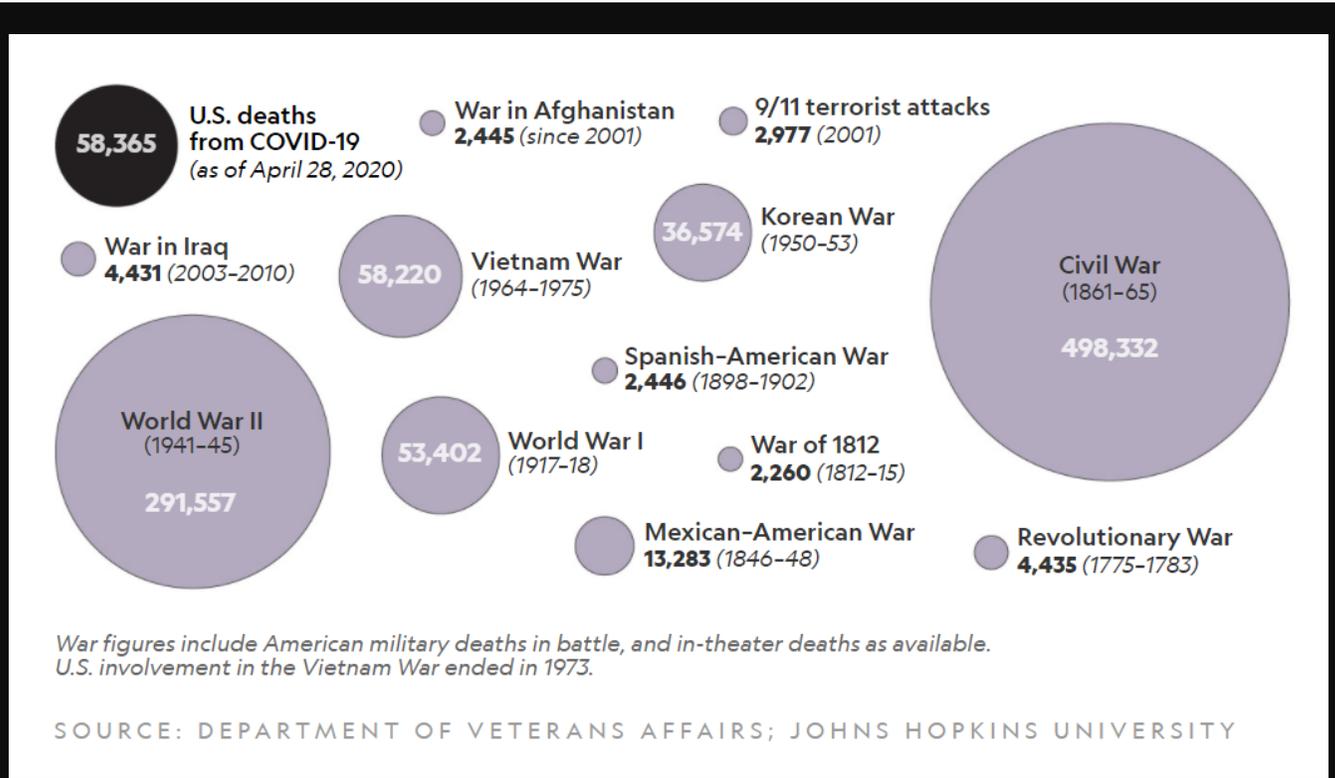
Stimulus payments to taxpayers totaling \$267 billion were not enough to avoid a decline in household net worth in the first quarter. The 6.5 percent dip caused equity prices to fall by \$7.8 trillion.



Consumer confidence levels are consistent with levels of a recession

Consumers are cautious and looking for DEALS to help them feel secure with their purchase decisions

The devastating impacts of COVID are increasing consumers' sense of vulnerability, yet sparking their impulse to shop and enjoy life



"Crisis moments are extremely emotional moments for consumers...."
Andrea Szasz,
Kearney Consumer Practice

COVID-19 is causing deaths all over the world (more than wars), upsetting society, the economy and politics, changing all our lives.

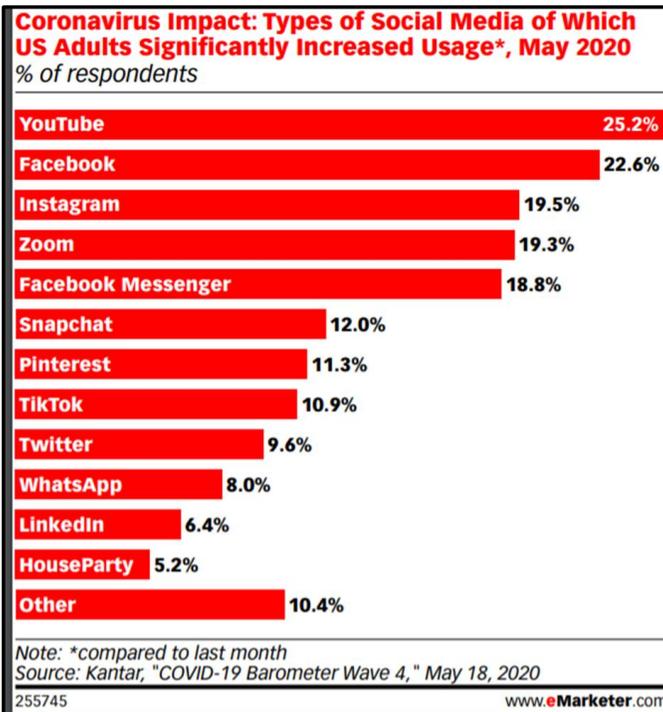
As a result, some consumers will want instant gratification as a buffer to anxiety. They will find comfort in self-indulgence and will strive to live in the moment.

COVID impacted mindsets and media habits



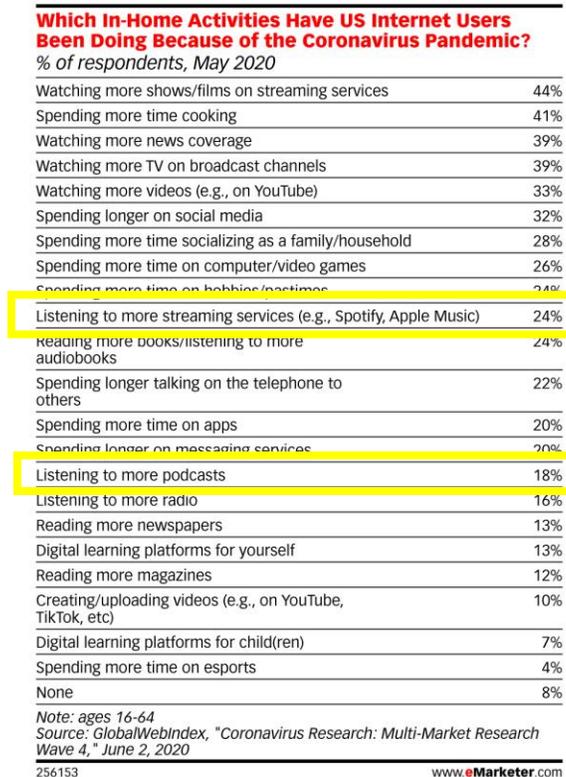
Social Media

51% of US adults are using social media at higher rates during the pandemic



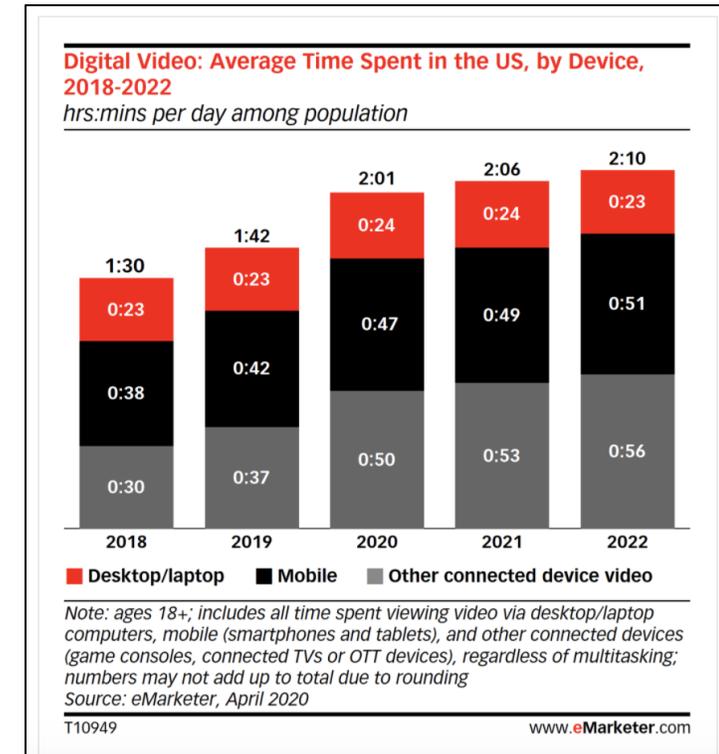
Digital Audio

During stay at home bans, total average daily audio streaming hours increased 32%



Online Video

Home-bound consumers increased the amount of video content watched globally by 60%



Consumers are turning to mobile for their shopping needs



59%

Of US adult consumers prefer shopping **via their phone**

167.8M

Total mobile-first buyers this year – **projected to increase to 187.5M in 2024**, representing 2/3 of population

9 in 10

Respondents, 25-34 years old, said they **avored m-commerce**, while 78% of 18-24 year olds agreed*

*in a study conducted by App Annie

Months into the pandemic, consumers continue to gravitate to online or contactless methods



Shoppers are prioritizing safety and convenience during stay-at-home bans

57%

of consumers *have yet to* return to non-essential retailers

50%

want contactless shopping, on-demand fulfillment and readily available inventory

94%

of retailers surveyed (NRF/Forrester) said they anticipate contactless payments to increase over the next 18 months, and 19% think no-touch payments accounted for **more than half** of their in-store transactions

With these changing dynamics, what does Prime Day 2020 mean for brands and retailers?

This year will bring the first Prime Day during the holiday quarter

Prime Day is expected to kick off the holiday shopping period early. Having Prime Day so close to the holidays makes it even more critical for brands + retailers to compete for share.

2020 has brought in new shopping behaviors

With a surge in online shopping, brands + retailers have the opportunity to gain acquisition audiences and reel them in with pricing promotions.

Consumer confidence is on par with a recession

Consumers are looking for deals to help ease their economized lifestyles. Brands + Retailers have an opportunity to let consumers believe they're profiting with discounted items.

Inventory struggles have been of concern since March

Consider not only Prime Day, but the holiday season: Is there enough inventory to participate in Prime Day and Q4?

Prime Day takes place right before an election

The media activation strategy should be tailored around digital media to ensure an uncluttered environment and lead to a seamless online conversion.



What to Expect from Prime Day 2020

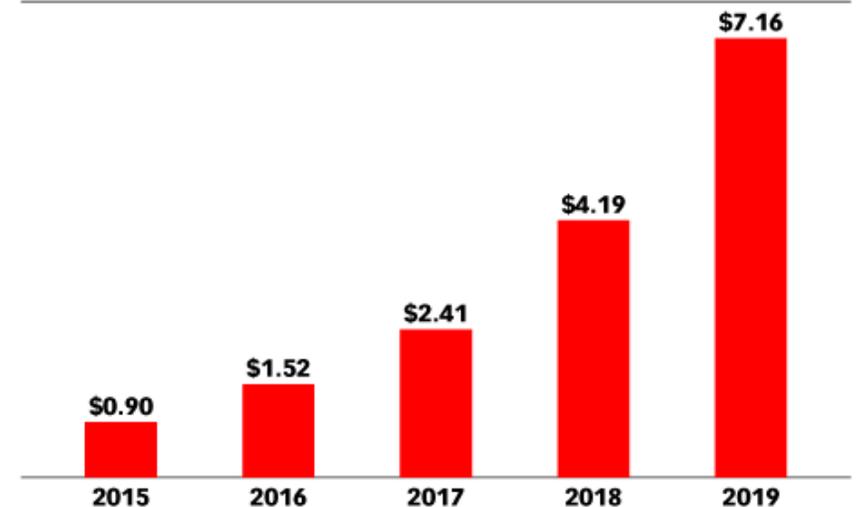


Using the past to inform the future: In 2019, Amazon Prime Day **almost doubled** the previous year's sales



- Sold more than 175M products
- 71% growth in sales YoY due to 12 hour event extension
- 69% of Prime Day purchasers **bought more than one item**, and 16% bought five or more items
- 35% of Prime Day shoppers were impulse purchasers buying something they hadn't planned to buy
- 22% bought a gift for somebody else
- 12% bought something they had been saving up for

**Gross Merchandise Sales Worldwide on Amazon
During Amazon Prime Day, 2015-2019**
billions



Source: Internet Retailer, July 18, 2019

248789

www.eMarketer.com

Popularity for e-commerce deals has increased throughout the years. There is a **strategic reason** behind Prime Day and other retailer success



Themes that sell:

How Amazon does it:

SCARCITY

Sales contained in a limited timeframe compel shoppers to act FAST at risk of missing out i.e. FOMO

Amazon Lightning Deals

A rotating assortment of products with a ticking clock and a widget show what percentage of the deal was already claimed pressures shoppers to add to cart

ASSUMED VALUE

Consumers see largely discounted prices and do not want to forgo an opportunity to capitalize on stocking up on savings

Pricing

Verbiage with "sale," "special," "lightning," "deal" or "final" incentivizes shoppers to buy limited-time offers

SHOPPERTAINMENT

Shopping is becoming more than transactional. The focus is shifting to elevating the experience overall for consumers

Prime Day 2019

Amazon streamed live events throughout the 2-day series including a concert hosted by Prime Music—headlined by Taylor Swift—as a way to celebrate their shoppers and provide exclusive access that only Prime members could enjoy



“The key to sales is that people think they’re getting something. And so it’s in the interest of the store to reinforce the idea that this is the gift to customers. If shoppers believe they’re profiting from a deal, they’re more likely to snap it up.”

Ben Schindler,
Professor of Marketing
Rutgers School of Business Camden

Because of online shopping behavior, the pandemic will **positively** impact Prime Day



Coronavirus Impact: Plans of Digital Retailers Worldwide for Amazon Prime Day 2020, March 2020

% of respondents

Prime Day plans are up in the air because of issues



Prime Day will be a winner because more consumers will be shopping online due to coronavirus concerns



■ Strongly agree/agree ■ Neutral ■ Strongly disagree/disagree

Note: n=160

Source: Profitero, "The 2020 Prime Day Outlook," April 20, 2020

255025

www.eMarketer.com

Coronavirus Impact: Spending Plans of Digital Retailers Worldwide for Amazon Prime Day 2020, March 2020

% of respondents

More than last year 49%

About the same as last year 41%

10% Less than last year

Note: vs. 2019

Source: Profitero, "The 2020 Prime Day Outlook," April 20, 2020

255026

www.eMarketer.com



Other Retailers can *also* benefit during Prime Days



Consumers compare products and pricing during Prime Day and often buy from other retailers



70% of US Consumers that were going to shop Prime Day 2019 also had planned to look outside of Amazon during the Prime Day promotion

What Was the Main Reason that US Amazon Prime Day Buyers Purchased a Product from a Retailer Other than Amazon on Amazon Prime Day 2018?

% of respondents



Note: ages 18+; among buyers who made purchases from retailers other than Amazon; Prime Day 2018 was on July 16-17
Source: A.T. Kearney, "Post-Amazon Prime Day Survey," Aug 6, 2018

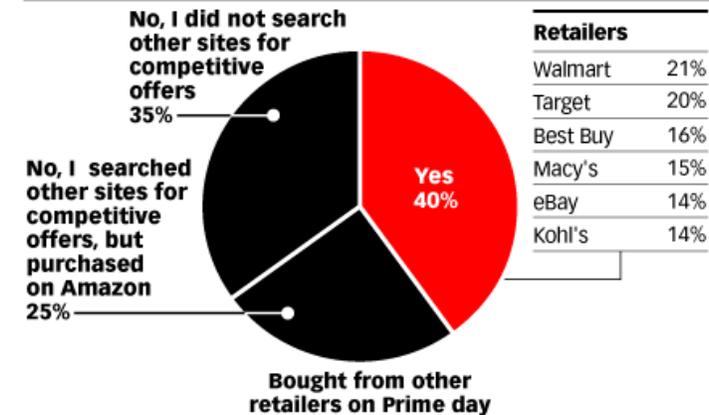
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One in five respondents **went with an alternative retailer** because **its price or promotion was better** than Amazon, and 17% said the price or promotion matched the retailer.

Which Retailers Did US Amazon Prime Day Buyers Take Advantage of for Digital Sales on Amazon Prime Day 2018?

% of respondents



Note: n=1,001 ages 18+; Prime Day 2018 was on July 16-17
Source: A.T. Kearney, "Post-Amazon Prime Day Survey," Aug 6, 2018

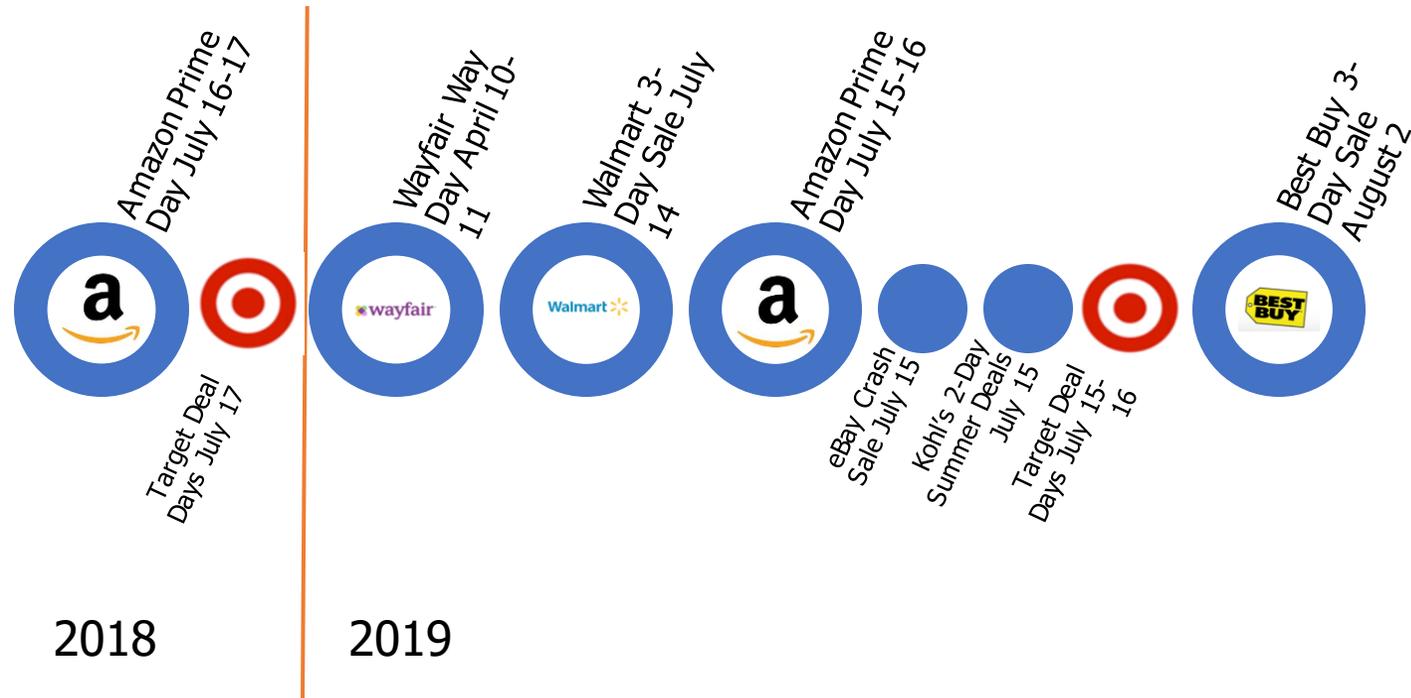
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40% of US Amazon Prime Day buyers bought from other retailers on Prime Day, while 25% browsed other sites for competitive offers without making a purchase.

Top retailers caught on quickly and have been conquering Prime Day with their own sales

2018-2019 Timeline of Sales



ebay
amazon prime
SORRY something went wrong on our end
crashsale
Coming July 15

FREE SHIPPING AT \$50!
EXTRA 25% OFF
\$10 OFF
FIRST TIME EVER! **MACY'S BLACK FRIDAY IN JULY SPECIALS**

Deal Days: coming soon
5 days left
Our biggest sale of the summer.
July 15 & 16. Online only.
Deals on top national & exclusive brands

To draw attention: drive excitement and urgency



By previewing dates and sale items, consumers can start to plan their shopping experiences.

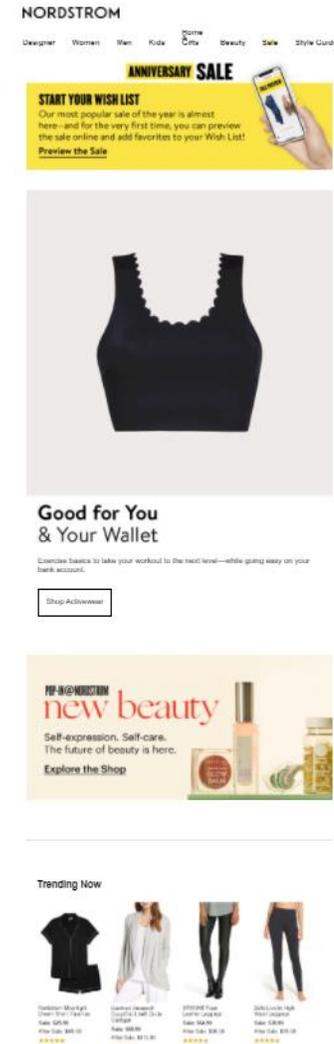
- In 2019, 35% of Prime Day shoppers **were impulse purchasers buying something they hadn't planned to buy** – the same would hold true for other retailers with big sale items
- Shoppers are also conditioned to look for deals outside of Amazon; 70% of Prime Day shoppers also **look outside of Amazon to comparison shop** during Prime Day





Personalize consumers' experience and give them what they want

- Understand your customer in order to give them a personalized experience and build retention
- Keep a pulse on what types of items are trending and are likely to sell
- Consider promoting items that have opportunity for upsell/cross-sell



Be Bold

In 2019 eBay announced a “Crash Sale” to rival Amazon’s Prime Day, with the promise of extra deals if Amazon crashes again (like they did *for over an hour* at the beginning of 2018 Prime Day).

Walmart focused messaging on the pricey Admission Fee that Amazon members pay to gain access to *great deals*.

These tactics proved successful in multiple ways:

1. Provided awareness of their own sales
2. Drew attention to the Amazon’s negative features
3. Diverted frustrated Amazon customers to their site





“Priming” for 2020

Media deployment should align with consumer behaviors and allow for seamless conversion



Social Media

51% of US adults are using social media at higher rates during the pandemic

- Leverage influencers to drive inspiration and excitement around sale products
- Tap into platforms' new engaging formats (i.e. Snapchat Brand Profiles, Pinterest Shop, Instagram Reels)
- Leverage "share-worthy" content to spread word-of-mouth buzz

Increased time spent and new frictionless commerce options on social platforms allow for mass reach with easy conversions

Digital Audio

During stay-at-home bans, total average daily audio streaming hours increased 32%

- With quick turnarounds, audio can be an ally to drive promotional awareness of sales
- Audio helps tell brands' stories using data at key moments throughout the day: morning commute, workout, party, relax, etc. all while contextually engaging audiences based on mindsets, habits and tastes, providing a 1:1 experience

Increased usage in highly contextual environments elevates the consumer experience and generates awareness

Online Video

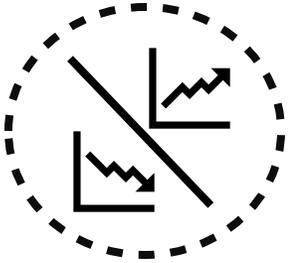
Home-bound consumers have led to a 60% increase in the amount of video content watched globally

- With COVID, users are craving connection and interaction; long-form and live streaming help provide a solution
- With contactless at the forefront of shopping, video helps inform, entice and engage shopping at the point of purchase

Leverage targeted video to reach consumers most likely to convert with attention grabbing content and seamless purchase

**Most digital channels allow advertisers to conquest.
This is KEY to steal SHARE and WIN Prime Day**

Activating on Prime Day This Year Will Require Planning



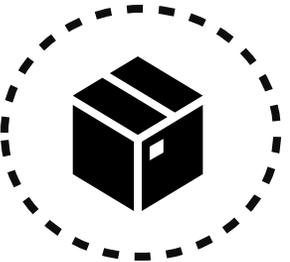
Have a Game Plan | Be agile and prepared.

- Develop an Amazon Strategy for before, during and after Prime Day
- Be prepared for success (high sales volume/inventory demands) and worst-case scenarios (low demand)



Think about Your Competition | Answer to and act against what key competitors are doing.

- What price point will they be lowering their products to; can you compete?
- What level can you afford to be appealing to consumers, but also be profitable?
- What can you offer that your competition cannot? How can you differentiate/appeal to consumers?



Stay On Top of Inventory | Be proactive to providing consumers the best experience.

- Consider the short game (Prime Day) *and* the long game (Holiday)
- Do you have enough inventory to participate in Prime Day *and* Q4?
- Do you have enough inventory to last until the end of Q4?



Prep for Holiday | Keep an eye on competitors.

- Assess what your competition is doing for Prime Day and apply implications to your holiday strategy

Conquering Prime Day Will Require Strong Messaging and Agility



Be competitive | Consumers are poised to price-check other retailer deals during Prime Day.

- Retailers should ensure that their pricing strategy is competitive and compelling in order to keep these customers outside of any promotions



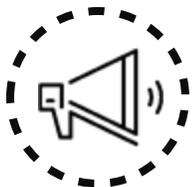
Drive excitement and urgency | Provide countdowns and details on what you are selling.

- Messaging should focus on generating awareness of the sale, previewing what consumers can expect from it and why they should care



Know your consumer and provide what they want | Personalize their experience.

- Understand your customer in order to give them a personalized experience and build retention. Retailers should consider what will drive sales and lead with those products in order to upsell/cross-sell/build basket



Be prepared + BOLD | Create messaging strategies around all funnel stages that can be deployed quickly.

- In order to divert attention from Prime Day, be ready to deploy messaging among various platforms and funnel stages that will draw attention to your brand, spark conversations and drive conversion



Start early on holiday | Prime Day sales are expected to take up to 10% of holiday purchases.

- If retailers are not prepared to combat Prime Day, they could also be looking at revenue loss for Holiday. Retailers should start seeding their messaging early to gain consideration before the sale, and then switch to a heavy lower funnel strategy targeted to steal share and drive conversions.

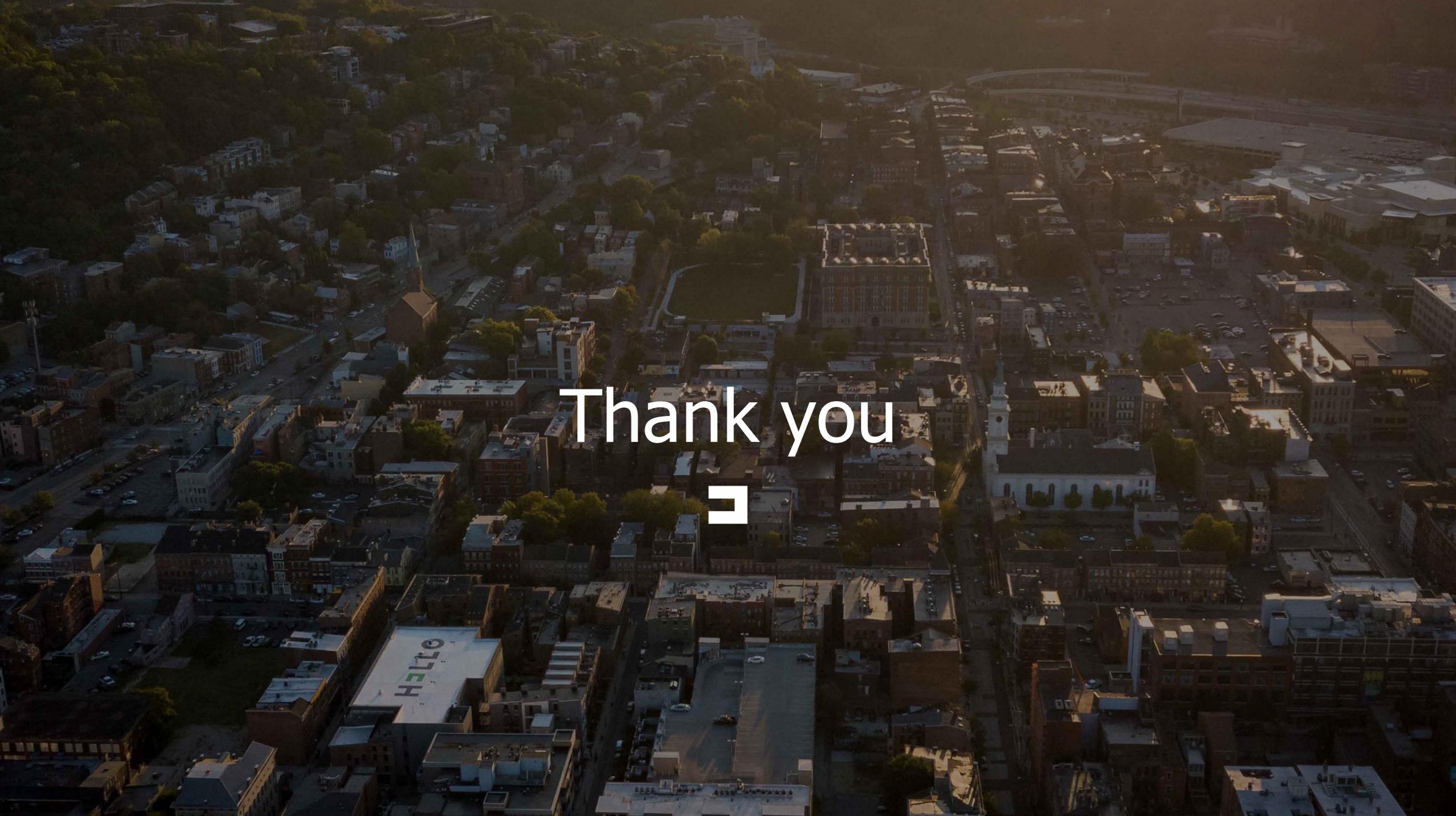


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**Retail Center of Excellence
rcoe@empowermm.com**

*****Retail Center of Excellence Holiday Guide Coming Later This Year***

An aerial photograph of a city at sunset, showing a dense grid of buildings and streets. The sky is a warm, hazy orange. In the foreground, a large white building has the word 'HELIX' written on its roof. The text 'Thank you' is overlaid in the center in a white, sans-serif font.

Thank you

