



eCommerce: Lockdown & Beyond



We will cover two things:

- 1. What impact has COVID-19 had on UK eCommerce thus far?**
- 2. Opportunities for Brands: 5 growth areas under the spotlight**

A hand is pointing at a screen that displays several shopping cart icons. The icons are arranged in a grid and have different colored borders (blue, purple, yellow, pink). The background is a blurred image of a person's face.

What impact has
COVID-19 had on
UK eCommerce
thus far?



As our high streets closed eCommerce has boomed

In 2019, nearly **eight in 10 retail pounds** were being spent in bricks & mortar shops. By 2024, this will have dropped to well below **seven in 10**.

Even with lockdown measures easing, the damage already done to our high streets is significant. The Centre for Retail Research has been tracking brands who have had to close and currently **report 34 companies have gone out of business YTD with a combined impact on 1,710 shops**.

As lockdown measures ease going into July, physical retail will see some relief, especially if the good weather holds. However, anecdotal evidence from China suggests large numbers of the population were reticent to venture out into shared spaces after months of isolation and so a more cautious U shaped recovery is more likely than a V.

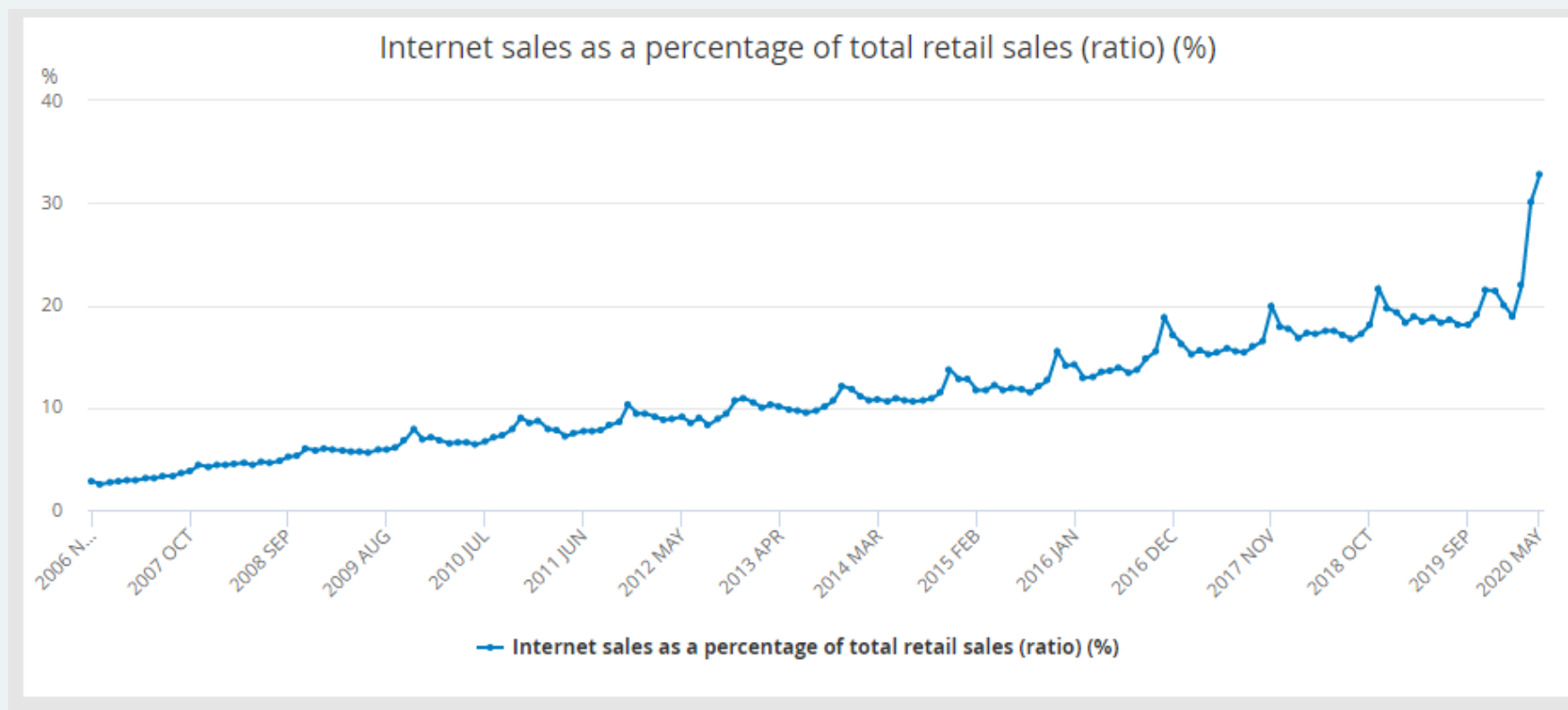
And with the potential of a second wave in the winter; the UK economy will only have had a matter of months to get people back into physical stores and make an attempt at recovery. If we face a situation where lockdown has to be reinitiated, eCom will grow at an even quicker rate in Q4.

eCommerce has taken a sharp increase of total UK retail sales since lockdown began

Of this increase, Kantar report online grocery increased **by 91% from mid-May to may-June 2020**.

This is largely due to the huge efforts made by grocers to make additional delivery slots available, with nearly one in five households buying online between mid-May and mid-June.

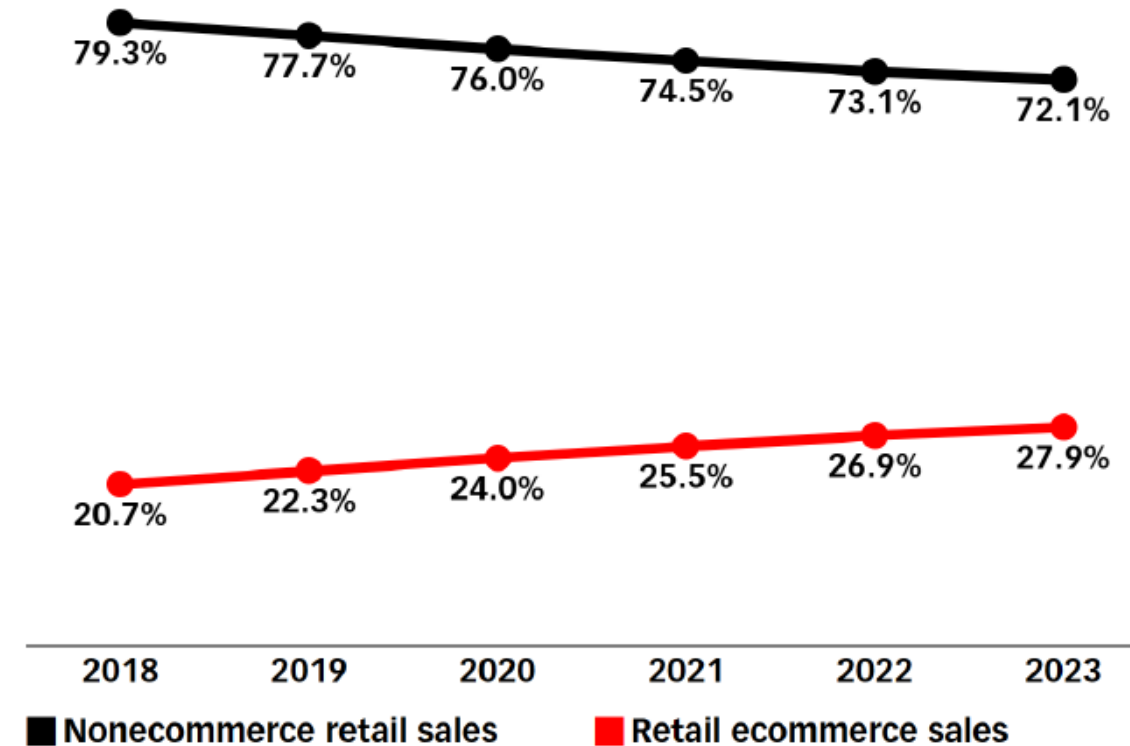
As customers stocked up on their 'pandemic pantries', they were spending 42% more per shop than June 2019.



Back in 2019, before we'd ever heard of COVID-19, industry forecasts were already confidently predicting a steady eCommerce growth with a 24% share of total retail sales for 2020.

Retail Ecommerce vs. Noncommerce Sales Share in the UK, 2018-2023

% of total retail sales



Note: excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

Source: eMarketer May 2019

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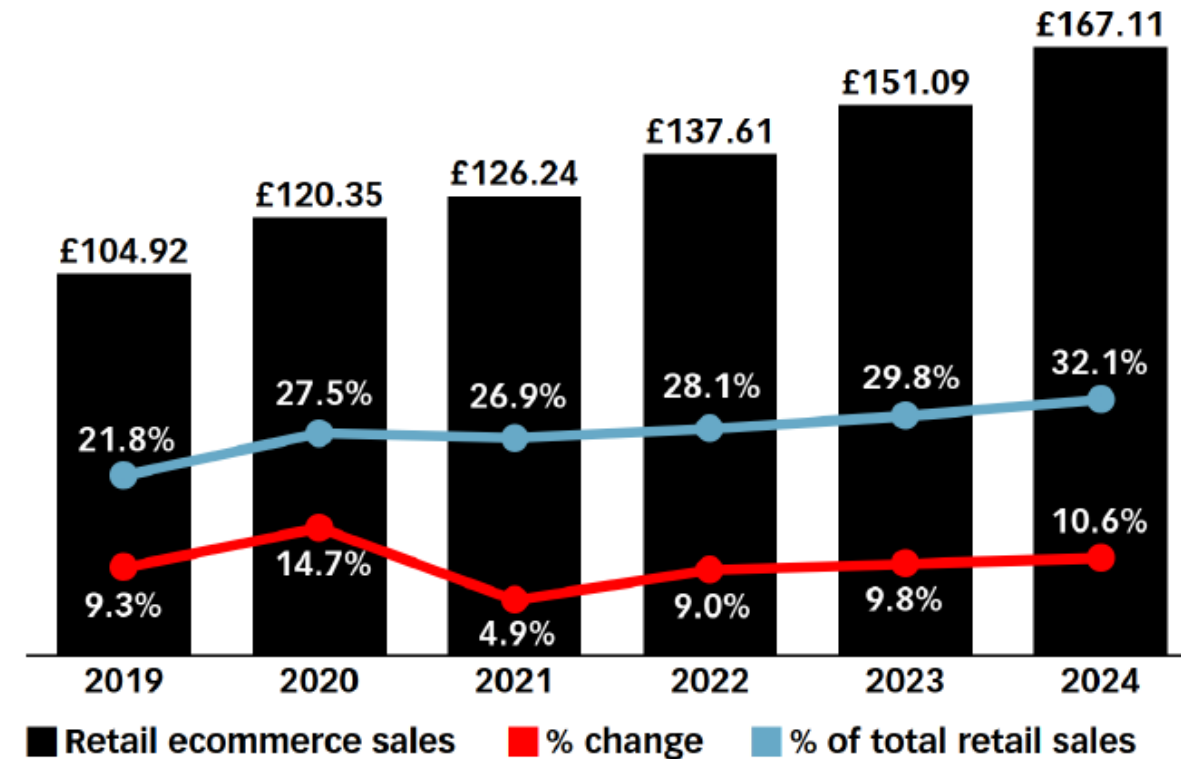
www.eMarketer.com

....a year later and after months of lockdown, the revised figure suggests eCommerce share will be closer to 27.5% this year.

This hadn't been forecast to happen until 2023 and would mark a 14.7% YoY increase from 2019 sales.

Given forecasts are not only predicting continued growth in eCommerce, but also an increased rate of growth; we can comfortably assume some buyer behaviour shifts will never revert back to pre-pandemic habits.

Retail Ecommerce Sales in the UK, 2019-2024
billions of £, % change and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, May 2020

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www.eMarketer.com



Key Takeaways

We would have reached this stage eventually, but now it's happened we can't put the genie back in the bottle.

01

eCommerce has unsurprisingly boomed during lockdown, achieving a level of growth which should have taken years.

02

Physical retail will bounce back as lockdown restrictions continue to ease, but the damage will be felt for years and the impact will be irrevocable for some.

03

The land grab eCommerce successfully made will not revert to pre-pandemic levels and will continue to grow.



Opportunities for
Brands: **5 growth
areas under the
spotlight**

Opportunities for Brands: 5 growth areas under the spotlight

D2C

Social
Commerce

Customer
Experience

Supply
Chain &
Fulfilment

Amazon



Spotlight 1:

Direct-to-Consumer



News

Home deliveries of fresh fruit & veg from New Covent Garden Market businesses

D2C is no longer monopolised by pure play as businesses are innovating to survive

Typically launching a D2C platform for either new or established businesses takes months, sometimes years of data crunching, research & analysis.

However, necessity has once again proved to be the mother of invention during COVID with new D2C platforms popping up frequently. Some had been in the works for years, others were pulled together in weeks.

As consumers struggled to get hold of their favourite products, and as companies with existing D2C platforms struggled to cope with the increased demand; brands needed to find new ways to reach their customers during COVID.

Independent businesses who typically relied on local footfall or online resellers threw up basic sites, B2B wholesale providers pivoted entrenched business models to B2C in a matter of days and weeks and others developed fulfilment partnerships with the likes of Deliveroo.

Responding quickly to a new D2C opportunity is not always logistically possible for brands

Social Commerce may be a good opportunity to tap into this space quickly and without the extra cost & additional challenges of setting up a site.

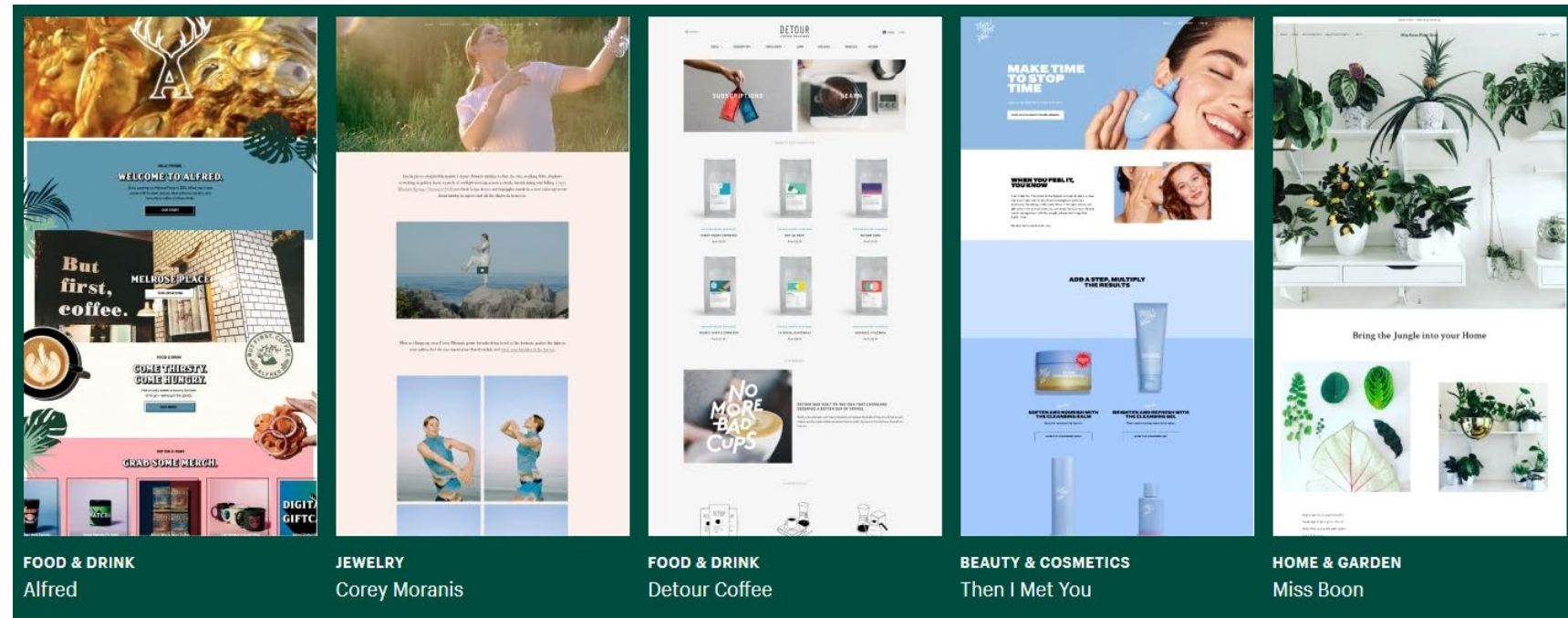
Alternatively, **Shopify** are rapidly becoming a force to be reckoned with. Originally designed for SMEs to quickly build out their eCommerce presence with beautiful, simple, templated examples; the offering has become more sophisticated with **Shopify Plus** better able to meet the needs of larger, legacy brands.

They've also launched a consumer facing app, called **SHOP**, to allow consumers to search for and buy products from local businesses.

For end-to-end support scoping, building and optimising a Shopify site, please contact [Louis Georgiou](#) from MediaCom's Code division.

Shopify's Q1 earnings reported the number of **new stores being set up on their platform grew by 62%** in the second half of the quarter compared to the first half, with the number of **new stores created in under 3 days jumping 85%**.

Audiences are also adapting quickly too with 45% of consumers making purchases from a merchant they'd never previously shopped with during this time.



Alternative sources of D2C growth are also important to fully consider as they scale

Subscriptions

Rapidly growing in popularity – in part due to COVID once again accelerating trends.

59% of UK population had 1 – 3 subscriptions in 2020 vs. 20% in 2019*.

Automated Purchasing

Allowing the automated purchasing of products/services by connected devices, based on pre-programmed preferences is something China has embraced - over half (54%) currently shopping in this manner/have in the past vs. 24% of shoppers in the rest of the world*.

An interesting area for converting customers with high life time value, but it will likely take a cultural shift in trust for the UK to embrace this at the scale the Chinese market has with certain sectors benefiting sooner than others.

Smart Assistants

Still a challenge of scale vs other POS, but worth investigating for products aimed at specific age groups.

There is generational divide in purchase behaviour in this space, with 37% in the 25 – 34 group vs only 11% of 55+.

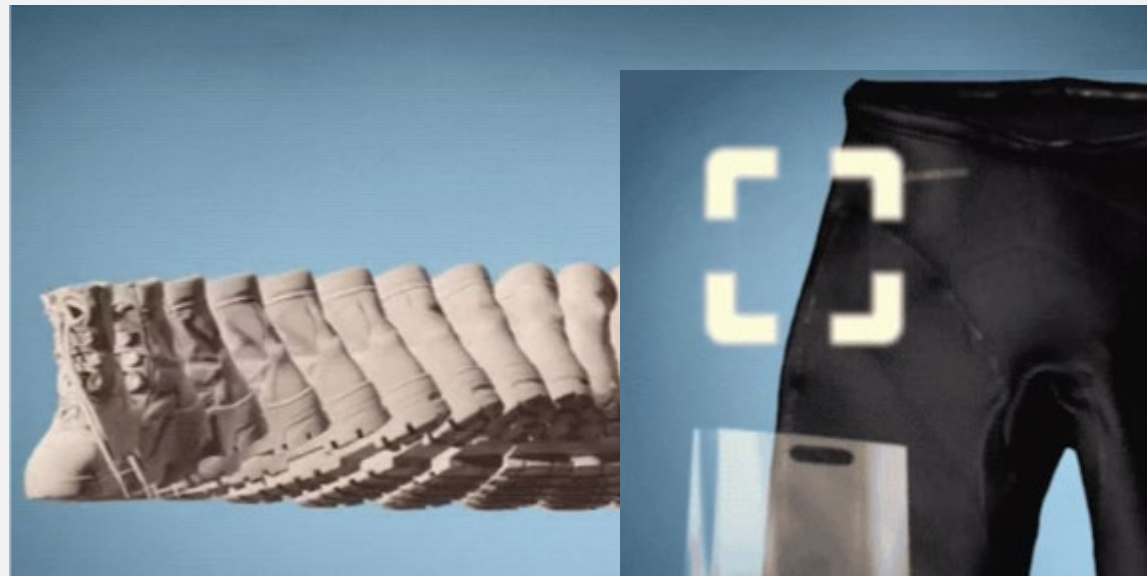
In total, 27% currently use or have used a voice assistant to make a purchase (up to 39% if an Amazon Prime member)*.

What might the future of D2C look like?

For established D2C brands that already have robust site infrastructures, fully integrated CRM systems and always on, data driven conversion rate optimisation programmes, the focus is on striving for ways to **fine tune the customer experience** and find new ways to drive relevance through personalisation.

In a world where changing the font or making a typeface 1pt larger can drive a tangible impact on conversions; it's interesting to see Yeezy's new site seemingly throws the rulebook out with video game style site navigation and stunning visual product listings.

It is difficult to tell at this stage how much of this is about creating a 'PRable' new art form vs. actually driving sales, but it's all about improving customer experience with a brand, so maybe it's not so different after all....



Questions for Brands To Ask

Existing D2C Businesses:

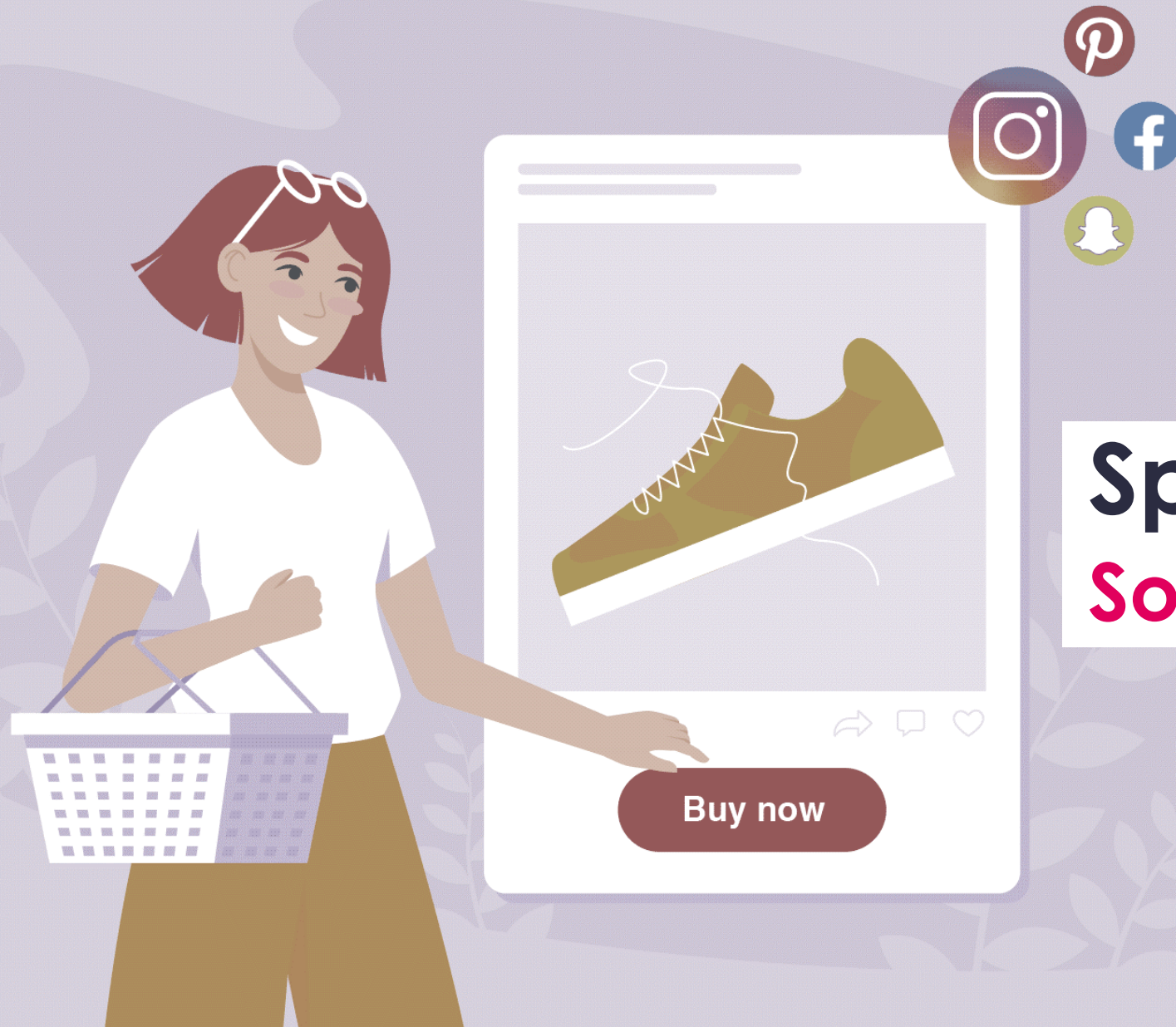
1. Was our business ready for eCommerce to boom as it did?
2. Are there improvements we can make to our technology and infrastructure if demand increased to those volumes again?

New D2C Businesses:

1. What are our barriers to conversion?
2. Where can we streamline our customer journeys?
3. What optimisations can be made to our fulfilment process?

Potential D2C Businesses:

1. Is D2C an appropriate route to market for our business?
2. How can we move quicker in this space through partnerships and SaaS solutions?



Spotlight 2:

Social Commerce

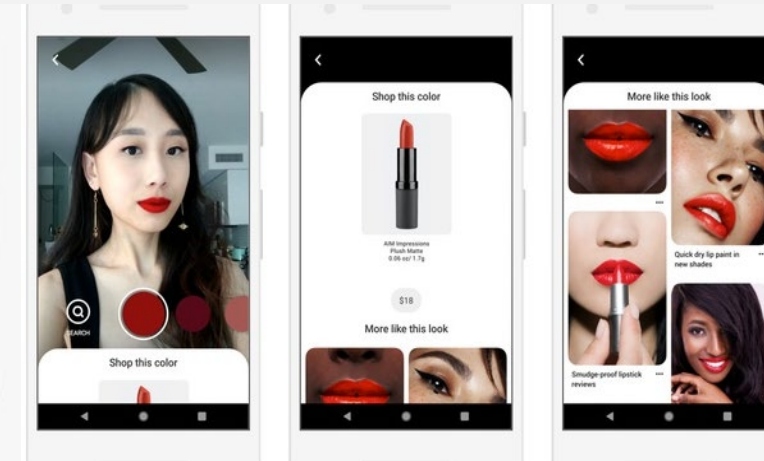
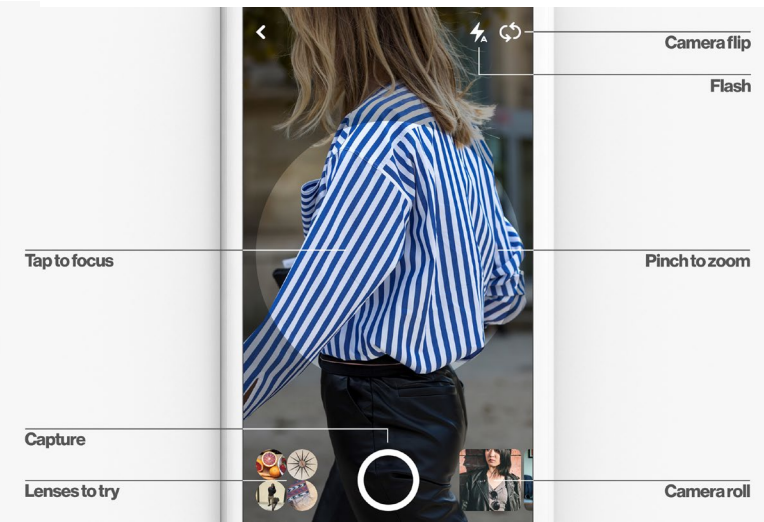
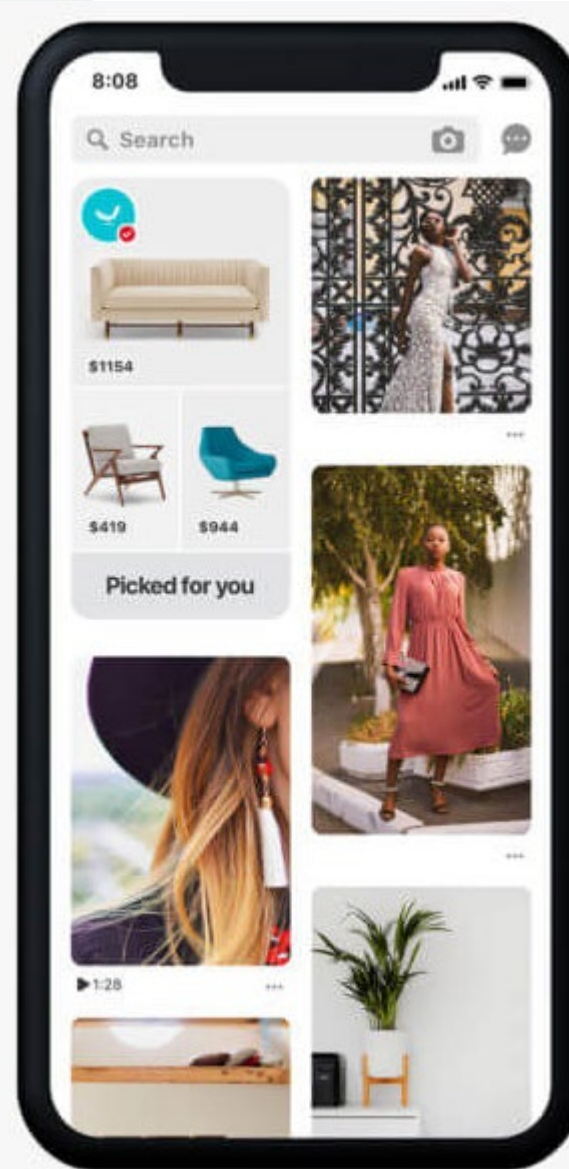
What is Social Commerce?

Forecasts suggest the global social commerce market will **increase upwards of 34% by 2021**. In China, Social Commerce already makes up **11.6% of retail eCommerce** sales.

Social Commerce is any activation which offers consumers the opportunity to **check-out in situ** on a social platform, without the need to be directed on to a brand's own D2C site/app or reseller. It can also include all of the Performance marketing products offered which have a direct sales/lead focused call to action on the organic or paid format, **directing the consumer off platform to complete their purchase**.

Following either definition, Social offers huge opportunity to drive eCommerce growth for businesses – in driving qualified prospecting traffic, retargeting cross-sell/repurchase communication messaging or encouraging consumers to check-out in situ.

The UK has had little opportunity thus far to test in situ checkout options with the major social platforms launching these in the US, or smaller markets where testing is less risky. But social platforms such as Pinterest, have invested in shoppable content and streamlined the customer journey. So we can be confident, once rolled out in the UK, the more in-situ checkout options will be very popular as an additional, low cost, low risk sales channel and a shortened, more streamlined customer journey.

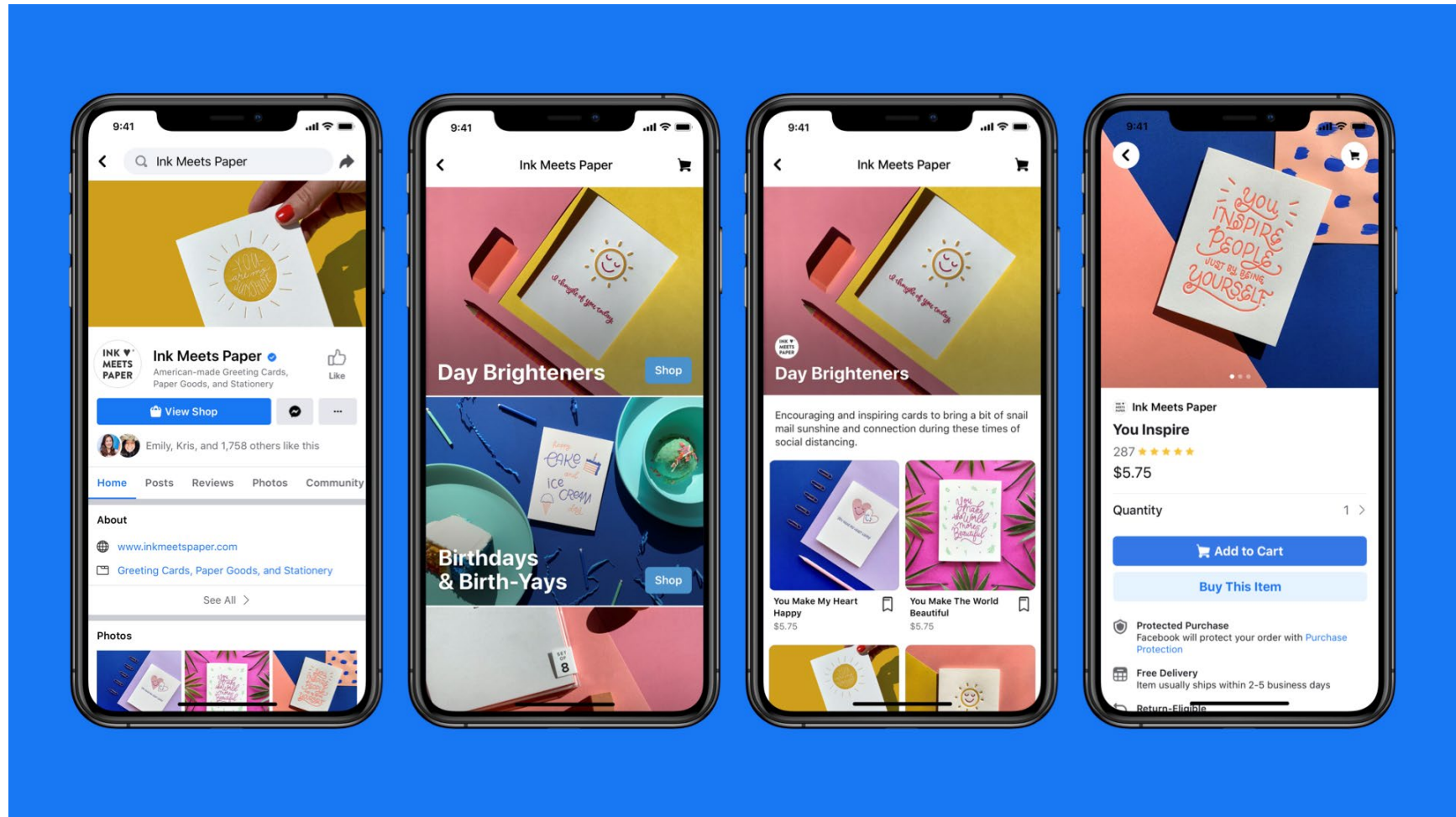


eCommerce innovation is booming within the Social landscape

Facebook Shops are a game changer for eCommerce within Social and have parallels with the shop window Mini Programmes WeChat offer in APAC.

Facebook Shops offer customers the opportunity to browse & purchase products directly from a business' Facebook/Instagram profile with customisable colour themes and flexible product catalogues. Post-purchase customer service can be directly linked in via Messenger, WhatsApp, Instagram or Facebook.

This new D2C product is a straightforward, **low cost, low risk testing opportunity**, especially for brands who know their growth audiences are active on Facebook/Instagram. A potential loyalty programme is also on the horizon.



Integrated payment options within social apps are making eCommerce growth more seamless

Person-to-person payments have been available in Facebook Messenger for a while now, but **Facebook Pay is a key development for the company** in making any kind of future transaction on their family of apps that bit more convenient.

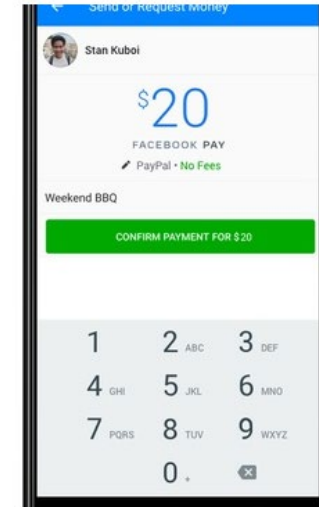
Whilst named Facebook Pay after the dominant brand in the portfolio, the technology which sits behind it will power the payment offering on Instagram & WhatsApp as well and will support credit cards, debit cards and PayPal.

Facebook Pay will be available in the UK, but both Insta & WhatsApp Pay are being tested in other markets before global rollout. Early indications suggest the service is and will remain free for consumers, but businesses will pay a fee of circa 3.99% to receive payments, comparable to some current credit card set-ups.

Some considerations:

Will the scale offered to your business offset the post-sale limitations for cross-channel retargeting? – segments will likely be able to populate custom audiences within the Facebook ecosystem, but this will limit the use of some of this data outside their walled garden across other performance channels.

Do you have a customer service strategy for Facebook? – the obvious next step here is to integrate post-purchase communication within Messenger or WhatsApp, potentially with use of a Chatbot to improve efficiencies. Customers choosing to checkout on Facebook will likely want to continue communication within the platform.



FACEBOOK PAY



Social platforms offer the perfect canvas for eCommerce brands to showcase their creativity

A longstanding barrier to eCommerce purchase in some sectors is the **lack of tangibility** offered in considering an item.

Augmented reality is often dismissed as gimmick, but it's ripe for development in eCommerce. This example from Snap (left) demonstrates the ease of trying an item on in a real world environment; a **highly personalised**, helpful way to encourage purchase which when deep-linked & paired with a strong CTA is a pretty compelling way to bridge the digital & the physical worlds.

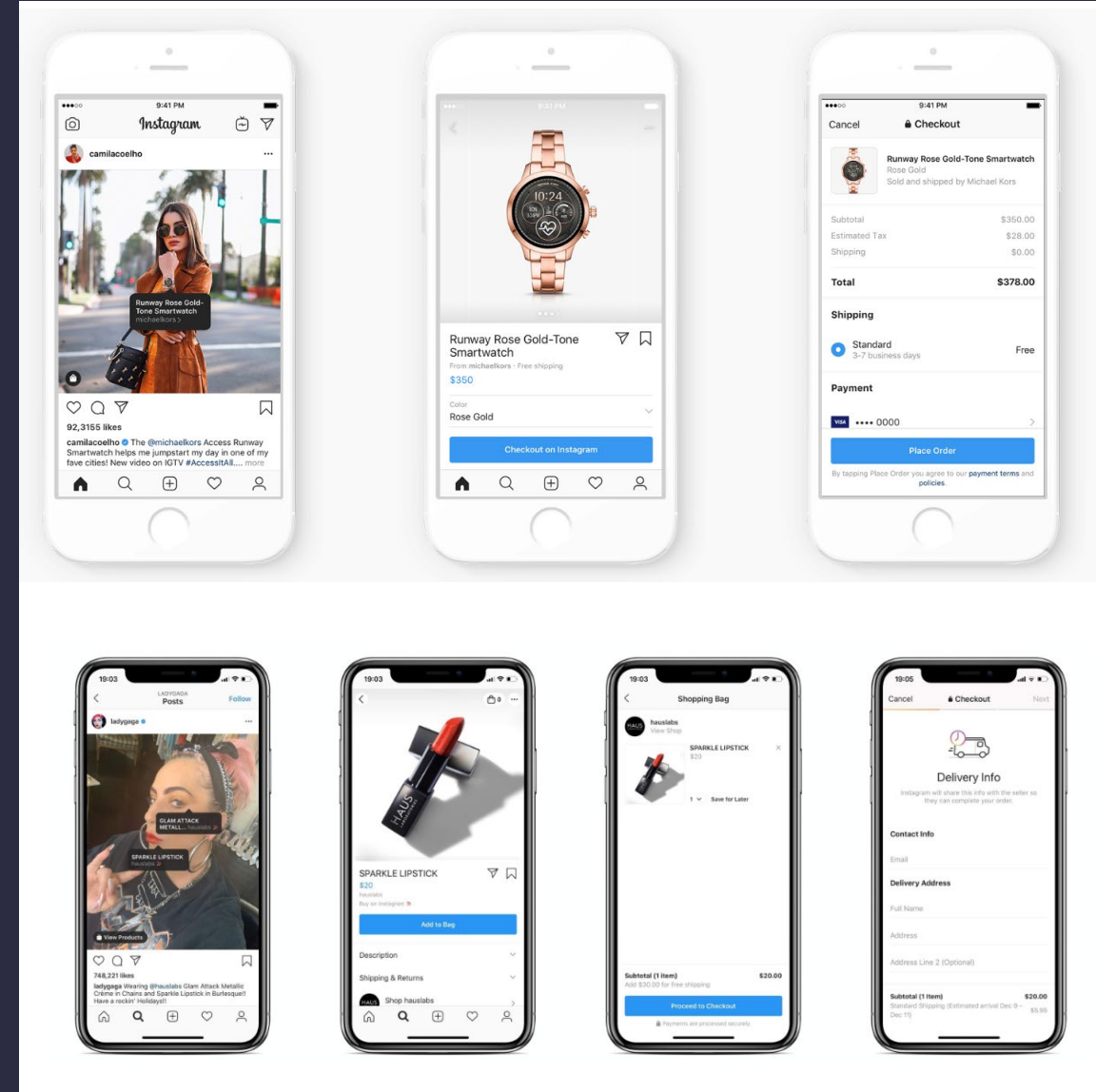
This one example from Snap is typical of the innovation within Social and demonstrates the ease of which the **Social giants merge AR, visual search, eCommerce and their general adaptability as consumer demand shifts.**

eCommerce growth is not just coming from brands

The huge growth in social influencers is well documented, but as eCommerce formats continue to be developed by social platforms, the dominance of these opinion leaders will continue to increase.

When Instagram Checkout is finally rolled out in the UK, tapping into credible, trustworthy influencers who can drive purchases with only a few taps will be a powerful D2C opportunity especially for specific audiences:

- Generation Z spends 2-3X more time shopping on social channels than the average consumer (Instagram & Snap lead that time spent).
- Generation X prefers Facebook for social shopping.*



What might the future of Social Commerce look like?

To a certain extent we can take our cue from China. In-situ social shopping is now standard through the likes of WeChat..

eCommerce options within live streaming will grow.

One major area which has taken China by storm is the use of live streaming in eCommerce. Live streaming isn't a new concept for the UK, but it lacks anywhere near the scale it sees in China, let alone it's current adoption rate for eCommerce.

China saw a **71.2% YoY** growth in livestream eCommerce from 2018 to 2019 which is an estimated **\$63 billion** and growing*. There has been speculation of a potential cultural difference slowing the rate of adoption in the UK, but it doesn't take much imagination to see the power this could have as the social platforms continue to improve their respective products in this space and it becomes a more streamlined influencer tool.

*Everbright Securities & Coresight data



Mini-programs can be directly linked to a WeChat Official Account



WeChat Posts can directly link to a product or store



There is a separate section with a list of WeChat mini-programs



Nearby mini-programs can easily be located and followed

Questions for Brands To Ask

Source of Growth:

- Is adding Social Commerce as a sales channel going to help drive business growth – now or in the future?
- Will Social Commerce offer incremental revenue or cannibalise existing sales?
- Even if scale isn't comparable to other points of sale yet, are we in a position as a business to get on the front foot and run some early tests so we have our own data?

Customer Experience:

- Will Social Commerce enhance my customer's experience of my brand?
- Would my customers prefer to purchase my products via their social channels vs other points of sale?



Spotlight 3: Customer Experience

Covid initially compromised consumer choice and forced them to try new things

Amazon changed customer expectations forever. 1 in 5 Gen Alpha won't buy from any business who don't offer next day delivery and 3 in 5 want a future with deliveries within 2 hrs*.

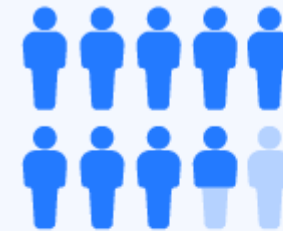
But customer choice was compromised during lockdown.

Consumers switched products, switched brands, switched businesses and switched sales channels due to availability challenges – shopping out of necessity rather than brand loyalty in some categories and experiencing new types of customer service. **The rate of consumers switching from their typical brand grew by 75% to as high as 127% between January and April**.**

This provides equal opportunity & threat to brands in that typically loyal customers may have tried a new range of products or services so more attention could be required for **defensive strategies** than initially planned. Being able to adapt on the fly will be key for H2 '20 rather than waiting to review sales at month end. **Trending key words, category level traffic level analysis & onsite web analytics should be used as early warning systems** so businesses can ensure in-demand products are available, pricing is still competitive and the customer experience is fully optimised.

prime now

EVERYTHING YOU WANT,
WHEN YOU WANT IT



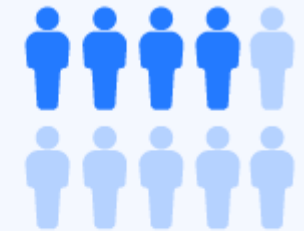
85%

say brand names
don't matter during
times of crisis



69%

will purchase a different
brand if their preferred
one is not available



30-45%

would stick with a new
brand they tried during
the pandemic

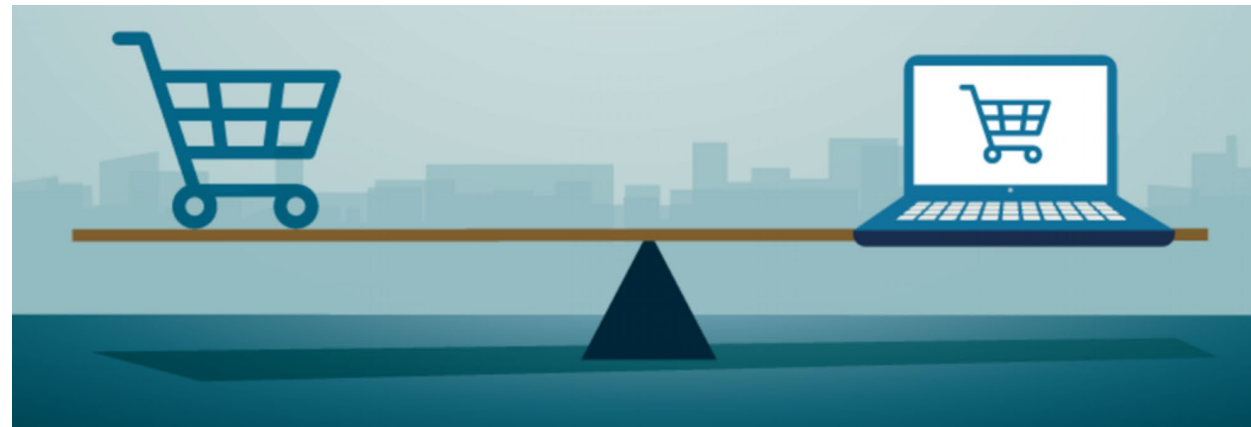
Source: Shopkick survey, Alix Partners survey

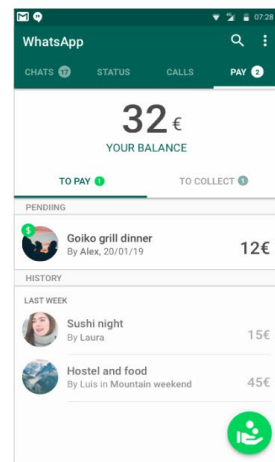
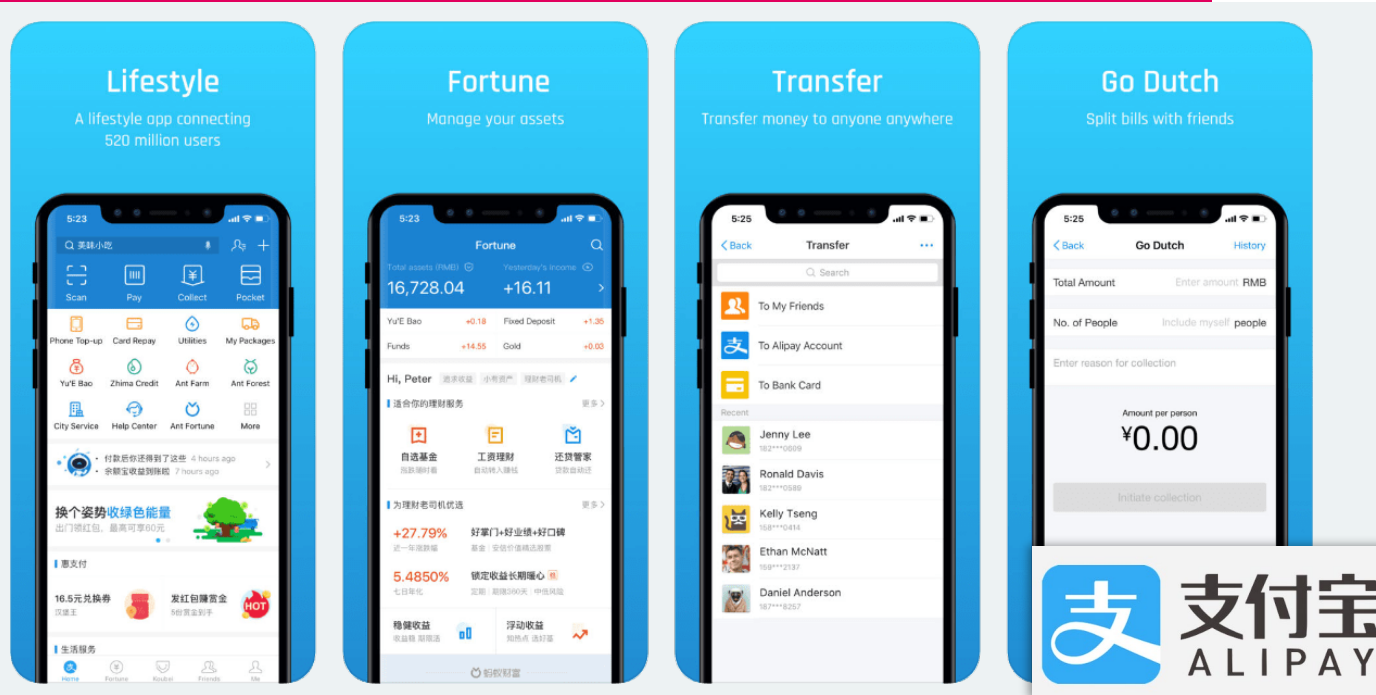
Now customers are back in the driving seat and choice is paramount

As of 2020, **half of online shoppers (51%) prefer retailers and brands to have both physical and online stores vs. 48% in 2019***.

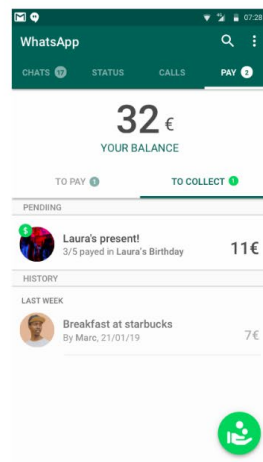
Choice of sales channel is crucial in the ultimate purchase decision – customers are weighing up brand preference with availability, ease of access, cost of delivery, timing of delivery, whether they have a loyalty account with a certain reseller or D2C etc....

Whilst much is written about fast moving, challenger, digital pureplay brands; having established physical stores can also be an asset. Bricks & mortar can bridge physical & digital for a genuinely boundaryless omnichannel customer experience, they offer additional click & collect opportunities when fulfilling home deliveries is not possible, they can act as mini warehouses and distribution centres and ultimately offer consumers that crucial choice.

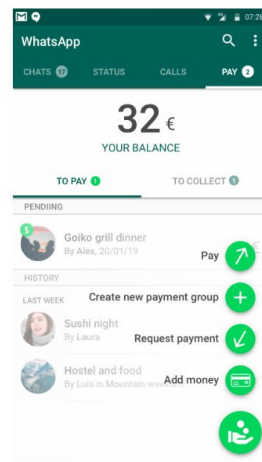




Pendings to pay and history of payments



Pendings to collect and history of collections



Quick actions in the FAB button



As well as seamless ways to pay

Seamless, frictionless purchasing experiences are the dream; an ambition that every brand aspires to. Payment partnership options are an important part of the final check-out purchase.

New ways to pay. During lockdown contactless purchases in store have accelerated beyond where expected due to social distancing rules, the potential transference of germs on well used physical currency and the increased limit of contactless payments to £45.

In digital, the same ease of access is in demand with a variety of additional payment options being introduced into eCommerce over and above card & smart phone payments. The likes of **Alipay** is increasingly made available – initially for expats and tourists who rely heavily on the option in APAC. This ease of access offers brands opportunities to reach more customers and potentially tap into a different market. And new to the payment market, the Facebook Pay solutions across their family of apps is finally making a play to challenge the well established, sophisticated solutions the APAC market have been used to for a number of years now.

What might the future of Customer Experience look like?

The pressure will be on businesses to make better use of customer data and improve relevance in a bid to **drive personalisation**.

Investments into **recommendation engines**, will help improve positive sentiment levels towards a brand whilst simultaneously supporting businesses with cross and up-selling.

As eCommerce continues the staggering growth accelerated by COVID, more customers will be spending more through digital channels and will have more points of comparison. In turn, they will have **lower tolerance** levels for delivery problems, poor customer service online and expect their favourite brands to properly use the data collected on them to improve their interactions.

Customers will expect a consistently high level of experience across all sales channels and to be able to **seamlessly swap** between devices & channels without interruption in their shopping journey.



Questions for Brands To Ask

What can we learn from COVID?

- How was our customer experience impacted?
- Were there delays in order fulfilment?
- Could the sudden increase in demand have been better predicted?
- How were customer expectations pro-actively managed at point of purchase and post-purchase?
- Were product listings updated regularly enough – were SKUs accurately listed as available?
- Did our site infrastructure cope with increased demand?
- Were page load times adversely impacted?
- Did technology work as it should?
- What could be better automated to save time?
- Crucially, what could be done to shore up systems & tech in case we face an additional winter lockdown?

Going Forward

- Is my point of sale customer experience as optimised as possible – where are the barriers to purchase?
- Is my CRM data being fully utilised to improve my customer's experience of my brand?
- What are the next steps to improve personalisation at all stages of the customer journey?
- What can I learn from my competition & other brands in different sectors?



Spotlight 4: Supply Chain & Fulfilment

Is all this extra eCommerce demand actually generating profit for businesses?

The FT estimate it costs £10 to do a grocery delivery, primarily down to the use of vans for order fulfilment. As online grocery shops are typically serving the need of the 'big shop' for the week, especially for those living in urban areas without cars; this means the orders are large and therefore only limited numbers can fit into one van, which in turn means fewer deliveries can be made on one route and some vans are sent out with wasted space. This challenge was only perpetuated during lockdown as customers stocked up their 'pandemic pantries' with larger than usual orders until grocers were forced to introduce item capping.

During COVID, businesses have had to face critical additional costs to protect their colleagues - buying PPE equipment, deep-cleaning, hiring additional staff and the increased fulfilment costs associated with such a huge increase in demand in all their markets, all at the same time. These additional and unforeseen costs have only partly been offset by increased volumes. Therefore, **whilst eCommerce demand is unquestionably there, it raises important profitability questions.**

We're seeing huge investments from the majority of major retailers in factory refitting to cope with this new demand for eCommerce, both short-term during COVID and to sure up businesses looking towards long-term solutions. These new developments are significant because even **small, marginal gains in operational efficiencies can have a huge ripple effect throughout the supply chain and on final profit.**



Fulfilment partnerships have been the life blood of some businesses during lockdown

Given the increased costs associated with fulfilling orders in such challenging circumstances, partnering with 3rd party courier services or established delivery partners can provide short-term relief. However, the right commercial agreement is crucial to avoid further eroding restricted margins.

INDEPENDENTS:

Young Foodies have launched an eCommerce site called Mighty Small for small food retailers to enable independent shops to sell online. It will allow SMEs with no eCom proposition to boost cash flow during lockdown and beyond. Young Foodies will manage all supply and fulfilment on behalf of the small businesses using the platform, from shipping costs, item handling, picking and paying, packing and delivery. London is the test bed with services available since April, with plans to scale across the UK.

LARGE RETAILERS OPTIMISING EXISTING FUFILLMENT PARTNERSHIPS:

Superdrug have launched same-day delivery service via courier for urgent orders. It will be available to customers within an 8 mile radius of circa 300 stores.

Waitrose has their own version – 'a rapid delivery service' where customers can access up to 25 products within 2 hours, using smaller vans and bikes at a charge of £5.

Aldi have taken early steps into eCommerce with food parcel deliveries containing essential items.

DELIVEROO:

Deliveroo, with their well established D2C app, ease of payment options, established customer base, network of delivery riders and an ever expanding list of locations were well primed to not only maintain throughout lockdown, but also grow. Local restaurants were able to continue trading through takeaways even when they had to shutter their physical locations thanks to partnerships with Deliveroo. Even large grocers with their own delivery services have opted to partner at local store levels.

Morrisons have extended their Deliveroo deal to over 130 stores with delivery open to all, not just vulnerable segments. They've now made available a selection of up to 70 essential items for those struggling to access their main delivery service.

Co-op and M&S are also expanding their partnerships to ease the pressure on their own fulfilment services whilst trying to keep up with unprecedented demand.





Don't put all your eggs in one basket

It's always wise to have a Plan B. COVID has starkly **highlighted every weak link across the supply chain and fulfilment process** for millions of businesses globally. Some have managed to double down and fix things relatively quickly, others have suffered serious, if not irrevocable damage, missing out on crucial sales for months.

Some of the greatest challenges for larger brands have been the restrictions placed upon the international movement of goods across borders combined with the absolute priority of keeping colleagues safe.

Every business has been impacted one way or another during COVID, whether good or bad. It would have been impossible not to have faced challenges. However, in retrospect, those that were able to quickly adapt to the unprecedented demands placed upon them during this crisis were nearly all able to do so because they had a **robust, healthy, well diversified set of options across both the supply chain and their distribution strategies and were able to pivot easily between them.**

What might the future of Supply Chain & Fulfilment look like?

Automation will be key here. Tasks that are inefficient will increasingly be automated, robotic technology will be tested and scaled and the use of often controversial drone services will be much more common. COVID has accelerated the timeline for drone usage. The pioneering usage of drones for the delivery of medical supplies & for essential supplies in hard to reach regions during a time of crisis has helped tip the argument more in their favour. A few examples of how some of our key businesses are deploying future facing improvements in this space:

- **Tesco** have announced plans for at least 25 urban fulfilment centres to help support their booming eCom demand which as of this year's Q1 market update makes up 16% of total sales.
- **Ocado** have been heavily investing in state-of-the-art robotic technology allowing them to win partnership deals with supermarkets around the world, including Kroger in the US, Casino in France, Aeon in Japan and M&S in the UK, whose produce is planned to be available via Ocado from September this year. They've also launched their first robotic automated warehouse in the US.
- **Waitrose** are investing £100m to open a new fulfilment centre which they hope will let them double London delivery slots, following the announcement that their delivery requests have doubled to 120k a week since the crisis started.
- **Amazon**, who have been using robotics in warehouses for other categories for a while now have also announced plans to refit some existing depots to handle grocery better.



Questions for Brands To Ask

- How well did my business cope with changes to demand during lockdown?
- Did our supply chain & fulfilment process withstand the shifts in demand and the different requirements – how adaptable were we able to be?
- Can more of the process be automated or efficiencies made?
- How well does our fulfilment process link with our D2C or reseller product listings, CRM and customer data?
- Is it worth investigating fulfilment partnerships in short to medium-term – do we already have a relationship with the likes of Shopify or could we use 'fulfilled by Amazon' options?



Spotlight 5: Amazon

Amazon dominate at both ends of the customer journey

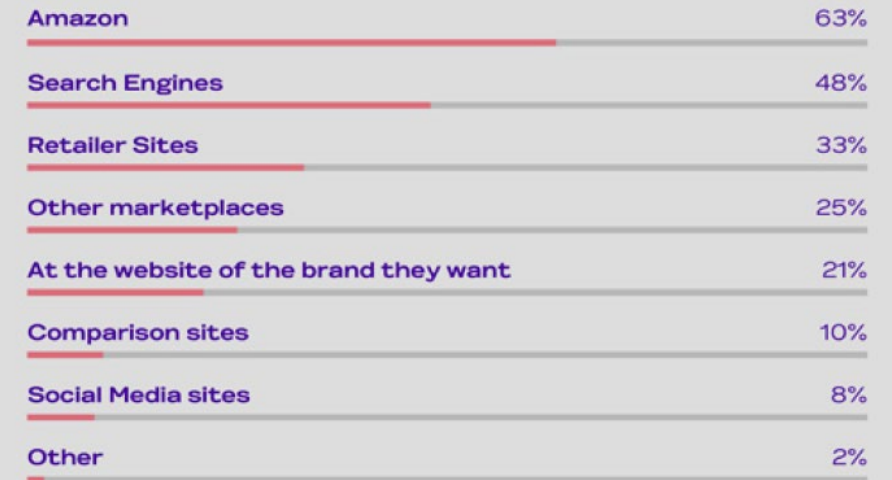
Whether friend or foe to a particular sector...Amazon warrant their own section here as their impact on the UK eCommerce market cannot be understated. Even though proportionally they don't yet have the same market share in the UK as they have in the US, it's a case of when, rather than if.

A trifecta of Price, Selection & Convenience based on an entirely customer-centric business model has proven to be a winning solution. As referenced earlier in this document, they have changed customer expectations forever and even businesses who do not directly compete with Amazon (yet!) are being forced to consider their standards for consumer experience.

In the UK, this figure is even higher - 81% of product searches that now start on Amazon*.

If customers are Prime members, they are more likely to start their search with Amazon – 85% vs 42%*.

WHERE ONLINE SHOPPERS START THEIR SEARCH



(Global Figures)

*Respondents could choose multiple options

Amazon's success is intrinsically linked to a customer centric strategy & a very popular loyalty programme

79% of British consumers wish more brands & retailers offered a similar level of service as they get on Amazon (vs. 66% in 2019)*.

Prime, Amazon's well known loyalty programme is a key driver of this perception which directly impacts browser and buyer behaviour on the platform:

PRIME POSITION

✓ **57%** of shoppers say they have applied Amazon Prime only filters

✓ **17%** of shoppers say they **always** filter on Amazon Prime only offers

✓ **37%** of 18-25 year olds say they **always** filter on Prime

✓ **82%** of 26-35 year olds say they filter on Prime in the UK

WHY A CONSUMER WOULD CHOOSE ANOTHER RETAILER OVER AMAZON

68%	Price	11%	Better brand ethics
27%	More convenient delivery options	7%	Better personalisation so they know and treat me better as an individual
23%	More attractive loyalty programme	7%	I don't wish to support the increasing growth of Amazon
22%	Better/more specialised product range	6%	Better-looking website
19%	Existence of physical stores	2%	Other
13%	Better environmental practices	2%	Would not choose another retailer over Amazon when shopping online
12%	I prefer to support other independent retailers		

Amazon haven't always succeeded

For brands in direct competition with 1 or more elements of the Amazon ecosystem where there is no opportunity of partnership, it's interesting to note their experience trying and failing in the Chinese market.

Prime and all the benefits of discounted products & fast delivery was not a strong enough product differentiator in the Chinese market where those are considered more standard. Free shipping is largely expected in China, so facing restrictive minimum spends or non-eligible products offered no value add to the consumer.

As with any other business, **Amazon dominate because they offer something unique**, if other businesses are able to match or improve this; they will be much more able to compete. **If China have been able to activate local fulfilment networks to deliver items quickly and with no added cost in a country that vast, it's not beyond the reach of the UK to try and aim to do the same.**



What might the future of Amazon look like?

Undoubtedly whatever direction the company takes, we can be confident they will keep the customer at the heart of all business decisions. Jeff Bezos has continuously signed off his annual shareholder letters the same way since 1997, *'...our core values and approach remain unchanged. We continue to aspire to be Earth's most customer-centric company.'*

The snapshot of recent headlines to the right demonstrates how many pies they have fingers in. A large part of their success over the years has been a combination of staying relevant by listening to customers, enormously successful product diversification, genuine innovation at speed and data-driven decision making, all whilst fiercely protecting their customer experience.

Alexa, How Was Prime Day? Prime Day 2019 Surpassed Black Friday and Cyber Monday Combined Globally

Amazon Gives A Glimpse Into The Future Of Shoppable Television

Amazon will open its first grocery store in California next year

From Product Placement To Direct Purchases

Amazon wants to sell “surveillance as a service”

Amazon's latest acquisition could shake up the future of driverless vehicles

Amazon continues push into sports with National Women's Soccer League on Twitch

Why Amazon's Visual Search Could Eliminate Keywords For Online Retail

Amazon pushes further into healthcare with NHS Alexa deal

New York Proves Amazon Go Works, And An Even Bigger Rollout Is Only A Matter Of Time

Amazon invests in Deliveroo food courier

Amazon's Premier League livestreams will carry fewer commercials — at higher prices

Questions for Brands To Ask

Amazon Retail & Amazon Advertising

- Is my Amazon strategy too silo'd - does media strategy complement my retail strategy with all stakeholders closely aligned?

Friend or Foe

- Is Amazon a threat to my business – what can be done to better compete?
- Does Amazon present an opportunity to develop better partnerships as either a sales channel, a media owner or both?
- Are there specific Amazon products which offer incremental growth for my business which could be further explored?

More than just an eCommerce platform

- Have we considered the opportunity that Amazon offers for upper funnel and through the funnel advertising, rather than just POS?
- Are we getting the most out of the Amazon data available to our brand?
- Is my business getting the best out of the whole Amazon ecosystem?

In Summary - eCommerce: Lockdown & Beyond

Opportunities for Brands: 5 growth areas under the spotlight

D2C

Social
Commerce

Customer
Experience

Supply
Chain &
Fulfilment

Amazon



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MediaCommerce is MediaCom's performance and eCommerce specialist division, offering our clients 25 years of performance related experience, across a wide range of markets, categories, emerging and established brands. MediaCom manage over \$6 billion of global eCommerce related business annually, which means more performance benchmarks and more performance experience than any other agency.

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To learn more about these services or any topic covered in this document, please contact:

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