

Amazon: A Shopper's Perspective - UK - January 2019

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“Amazon is the arch disruptor in a period of evolution for UK retail. The size of the business and its relentless focus on customer-facing innovation has meant it has invested in and led on many trends that have come to define 21st century retail. However, at present, it is not all conquering, leaving both room for its growth and for rivals to fight back.”

– Nick Carroll, Senior Retail Analyst

This report looks at the following areas:

- Amazon: destroying the high street or providing the platform for the next generation?
- Can you win against Amazon?
- Amazon: what is the next frontier?

Amazon is the largest online retailer in the UK holding. A book specialist turned general merchandiser, and more recently, grocery retailer, there are few retail sectors that have not felt the impact of Amazon and its army of marketplace sellers.

Amazon launched in the UK in 1998, and in twenty years the retailer has grown to become ubiquitous amongst online users' shopping habits.

With the vast majority of online users already using the site, Amazon's growth, away from consumer electronics and cloud computing, is coming from encouraging existing customers to do more of their online shopping via the site.

Amazon Prime is central to this strategy of getting a greater return on existing customers. The scheme launched in the UK in 2007 and has since grown to encompass a vast range of perks including music and video streaming, alongside the now stock free next day delivery. Amazon has clearly created a tempting value proposition with Prime.

The benefits to Amazon of Prime, outside of the revenue the membership brings, is that Prime members are more frequent Amazon shoppers, more likely to shop across a range of categories, and more likely to own some form of Amazon-branded consumer electronics. In effect, Amazon is now deriving three revenue streams from certain customers, and this is why despite hitting a near ceiling in its ability to recruit new customers, it continues to grow its share and influence on the UK retail sector.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Amazon: Structure and Innovations – What You Need to Know

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