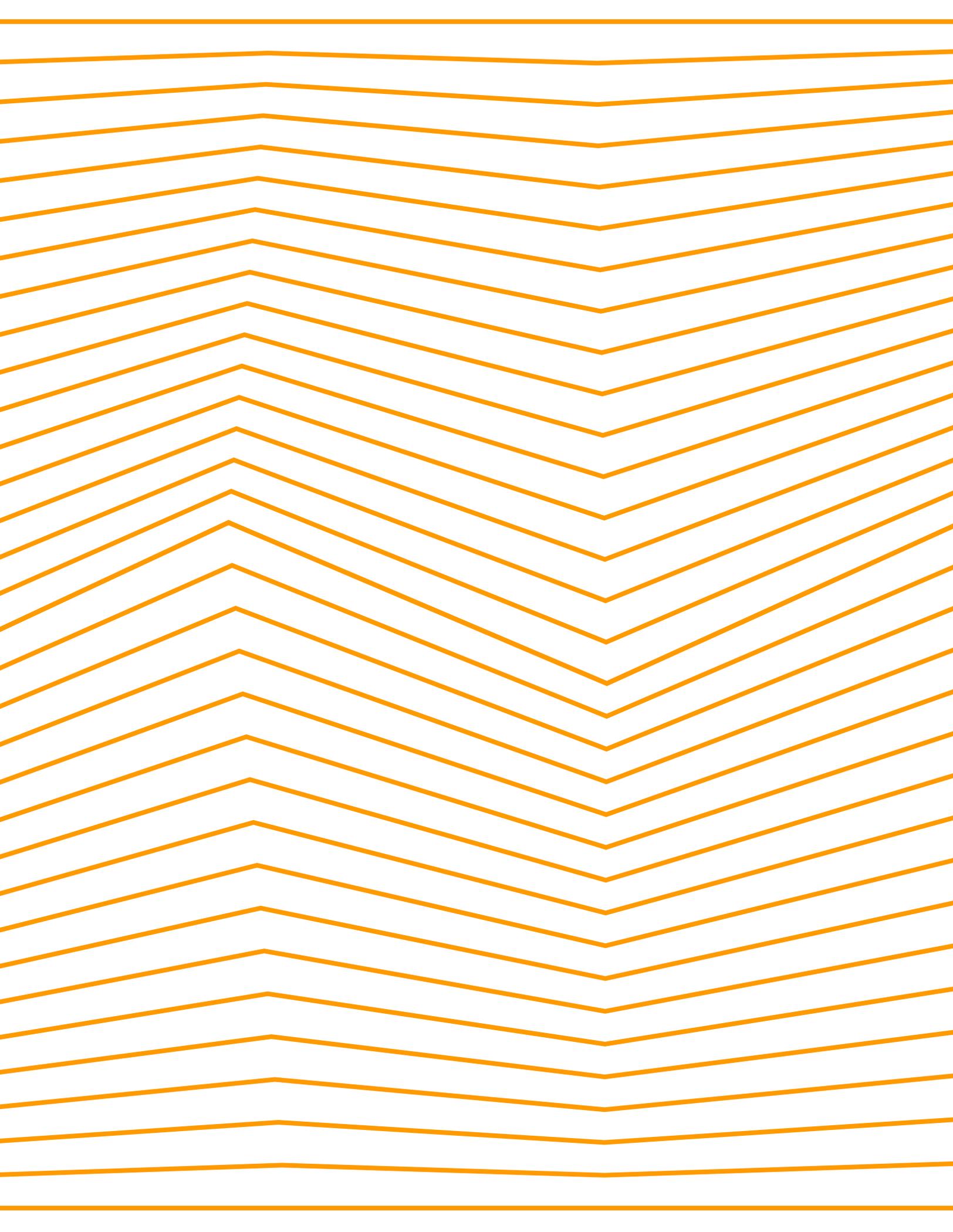


THE AMAZON REPORT

Consumers share how
brands can win them back



WHY DO SHOPPERS CHOOSE AMAZON?

In the last decade, more than 50% of the Fortune 500 companies we know have disappeared. Retail bankruptcies are increasing year-over-year by 24%. Consumers are moving from primarily shopping at malls and other brick-and-mortar locations. While most retail brands have adjusted to this move by providing an e-commerce site, brands are missing the mark about why consumers prioritize online shopping — for convenience, flexibility, ease and the on-demand experience that it provides.

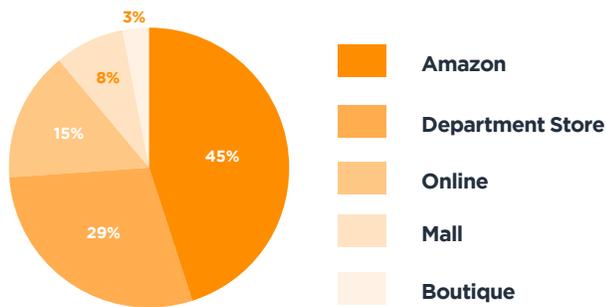
Enter Amazon. Amazon is considered one of the most valuable brands worldwide. With more than 310 million active shoppers worldwide and \$136 billion in US sales, it's no wonder brands are giving

Amazon the “side-eye” as the company encroaches not only in retail sales, but also financial services. And more recently, with Amazon’s purchase of Whole Foods — food delivery.

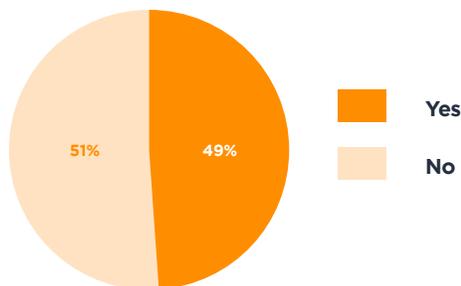
Amazon is one of the most discussed companies in the media and have thousands of articles dissecting it’s journey to success with tips for brands to mimic Amazon’s approach. Instead, we decided to take it to the streets and ask Amazon customers what they think Amazon is getting right so we could find out how retail brands can compete with Amazon and it’s shoppers.

We compiled survey responses from more than 1,200 people ages 18 to 65+. We asked questions about shipping preferences, product recommendations and product types to glean insights about shopper behaviors that could help brands compete with the behemoth that is Amazon. Retail brands are scratching their heads to understand why shoppers choose Amazon over a brand’s specific website or store location. At SmarterHQ, we’re focused on helping you stop scratching and start measuring customer decisions with behavioral marketing.

WHERE DO YOU TYPICALLY SHOP?



DO YOU HAVE AMAZON PRIME?



In this report, you'll get a strong hold on actionable strategies to align with your customer needs and wants that will increase your revenue and give the most impactful ROI metrics that define growth.

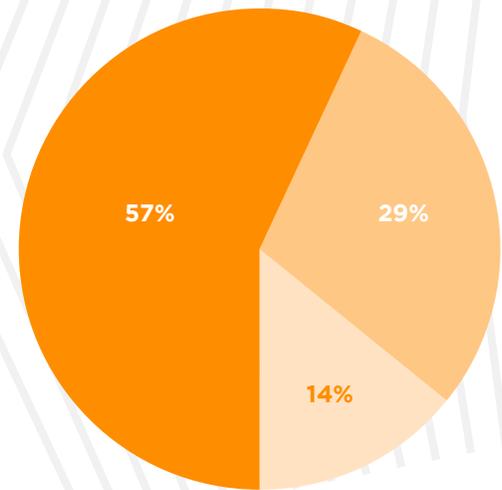
Nº 1

People really use Amazon to shop for very specific items

Fifty-seven percent of buyers on Amazon are looking for a specific product, and 63% of all shoppers already know what they want before they start shopping. Potential customers aren't browsing Amazon, and they are 25% more likely to purchase branded products from the e-commerce site.

This is good news for brands because consumers still prefer to browse items from their favorite brands, but will head to Amazon if they know exactly what they want. For this reason alone, behavioral marketing becomes incredibly critical to brands competing with Amazon, and as a marketer it's more essential than ever to know what customers are looking for before they ever add anything to their carts. Customers are always researching before purchase, and brands will hit a proverbial gold mine against Amazon if they tap into browsing behaviors.

AMAZON SHOPPING BEHAVIORS



- Looking for something specific
- Browsing/Window Shopping
- Replenishing Household Items

Quick Facts

- ▶ Amazon Prime members buy from Amazon 25% more
- ▶ Females use Amazon to replenish household items 15% more than Males
- ▶ As income increases, the amount a shopper looks for something specific increases

Nº 2

Without free two-day shipping, Amazon Prime members will cancel

Ah, the perils of free shipping. We know you've heard customer demand for this perk before, especially during the holidays. Eighty-four percent of buyers who had a specific goal in mind also demanded speedy, free shipping. Our results show customers are likely purchasing your brand's products on Amazon simply because they have better shipping options. Why? Instant gratification!

While we know that brands can't offer free shipping to everyone, it is one of the top reasons customers moved to make a purchase on Amazon versus your brand. No doubt, you've heard that free shipping is a key customer feature, but few brands use this benefit for all shoppers because of the high cost. But, if brands want to compete with the ease and popularity of Amazon Prime, it will be a perk your brand should have, even if it means only some shoppers versus all of them. What if you offered free shipping to the highest spend customers, or those who have exceptionally long cart abandonment times for more than three or four products? Some brands have chosen to include a call-to-action when customers check out, "You're \$12 away from free shipping!"

TOP 5 REASONS TO CANCEL AMAZON PRIME



No Free Two-Day Shipping



No Prime Video



No Free Same-Day Shipping



No Free 2-hour Delivery



No Prime Music

As the amount of online shopping increased preference for speed in delivery strongly increased

Nº 3

Customers will shop with you more often if you provide relevant messages based on aggregated shopper data

In your marketing messages, are you including products your customers have engaged with and suggesting new ones based on your customers behaviors? If not, 47% of your shoppers are moving from your brand's website and straight into the welcoming arms of Amazon's notable, personalized product reminders and suggestions.

McKinsey & Company found that 35% of consumers' purchases on Amazon come directly from the e-commerce platform's unique ability to provide similar product views, powered by algorithms and predictive modeling. We know that sounds daunting, but you should also know our survey found strong correlations between customers who see unique product suggestions and recommendations who not only stayed on brand's websites longer, but they also compared prices on Amazon less, if at all. That's great news for brands!

Remember, personalization is still most important, and it's not going away. Delivering catered messaging and suggestions online is quickly becoming the new normal for retail shopping. Brands have to adopt behavioral marketing if they want to compete in the future of this industry.

44% of customers buy from Amazon's product recommendations

Quick Facts

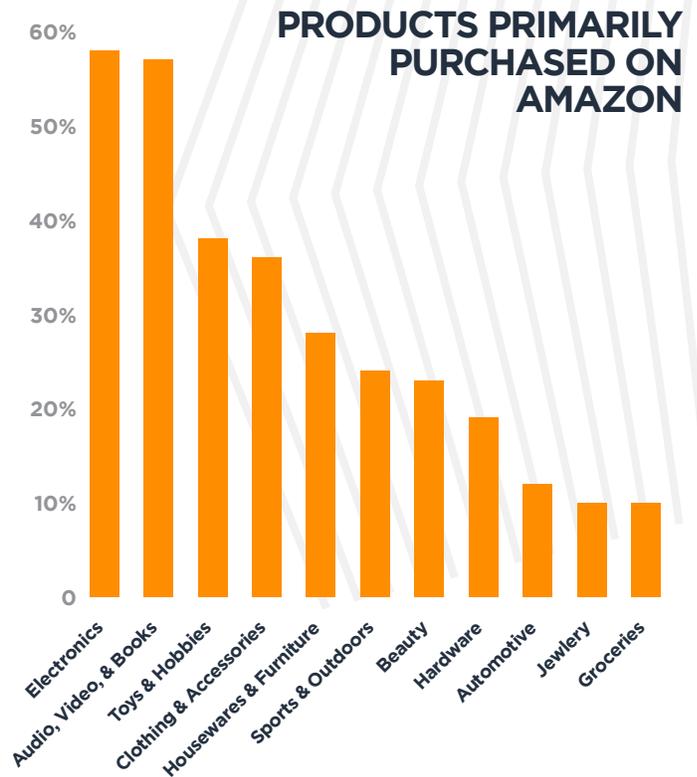
- ▶ **Females engaged and bought from product recommendations 8% more often**
- ▶ **Customers most often engaged and purchased from recommendation if items were under \$100**
- ▶ **Product Recommendations engagement doubled if Wish Lists were provided**

Nº 4

Customers may seem like die hard Amazon fans, but it's really only a few things that tickle their fancy

Between 37% to 57% of shoppers on Amazon are purchasing electronics, books, movies and leisure products like toys and hobby items. Luxury brands should find this especially comforting; people chose not to purchase products above \$200 on Amazon.

We now know that customers who see products tailored to them will not only stay on your website, but they also won't feel like they need to price compare on Amazon. If you're a brand with price points below \$200 — particularly if your niche is books, movies or toys — product suggestions and reviews are the number one way to beat the competition and ensure customers steer clear of Amazon.



BASED ON PRICE, WHERE DO CONSUMERS WITH A PREFERENCE SHOP?





FINAL THOUGHTS

Amazon is booming because the company recognized early on that consumers are distracted, on-the-go and have higher expectations than ever. To satisfy those demands, successful brands like Amazon are learning to analyze and respond to individual interactions with behavioral marketing. Digital technology has empowered customers to demand individualized interactions because of the sheer size of information they can access.

Time and time again, brands are told to personalize and use customer data to make decisions, and yet brands still struggle to do so. The challenge these brands face is nearly always having access to real-time data that delivers responsive, personalized

customer interactions to make the consumer experience easier and more convenient. Behavioral marketing platforms make it possible for companies to access real-time and historical behaviors of customers to identify key trends and to individualize customer interactions through responsive digital marketing.

Behavioral marketing is becoming the cost of doing business when it comes to competing with Amazon, and it doesn't have to cost an arm, a leg, or any of your staff. At SmarterHQ, we make it easy for brands to automate personalized email and website experiences in real-time.

ABOUT SMARTERHQ



The SmarterHQ behavioral marketing platform helps retailers deliver truly tailored email and website experiences that are so relevant, so personalized they create valuable, lifelong customers that drive increased revenue.

With our behavioral marketing platform, you can...

-  **Harness all of your online and offline customer data**
-  **Create segments in seconds based on any interaction a customer has with your brand**
-  **Convert customers faster & keep them coming back with real-time, personalized messaging**

We've been recognized by Forbes as technology to push B2C companies into a new era of personalization and Forrester's Total Economic Impact study to deliver 667% in ROI.

Want to begin personalizing each and every interaction in real-time? Let us show you how! Request a demo today, or visit SmarterHQ.com for more information.

