An insight into luxury, Affluence and Wealth: Amazon's 20th Anniversary

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Luxury and affluent marketers define their target markets in many different ways (e.g., demographically, by wealth, attitudinally, by buying habits, etc.). As the Shullman Research Center believes that luxury and affluence are in the eyes of the consumers and marketers, this brief provides selected insights regarding American consumers (18+ in age) in total (all adults) and according to their household incomes: adults living in households with total incomes of less than $75,000, $75,000 or more (41 percent of all adults and the level where some marketers believe affluence begins), $250,000 or more (3 percent of all adults and the level where many marketers believe luxury begins), and $500,000 or more (the top 1 percent and where luxury consumers exist).

Whether marketers and retailers are aware of Amazon's positioning in the luxury and affluent marketplaces or not, they need to start thinking about how they are going to compete as Amazon continues to penetrate these marketplaces, offering upscale consumers more shopping-related benefits such as Amazon Prime, Sunday deliveries, etc. Here's whyâ€¦

- The majority of American adults (60 percent) have reported they shopped at Amazon in the past 12 months, and Amazon now holds the number one store position (with Walmart in the second position at 58%). Americans with money â€" and lots of money â€" are now shopping at Amazon and, as household income increases (up to $250,000), so does Amazon's penetration of the upscale household segments. For example, 70 percent of the adults in the $250,000+ household income segment have shopped there in the past 12 months, compared with 56 percent of mass-market consumers (those with household incomes of less than $75,000).
- Considering how much Amazon's customer base overlaps with the other retailers in the top 20 (Amazon shares at least 40 percent of its customer base with 10 of them in the upscale markets), those others really need to start thinking about how they will compete with Amazon, which is making a concerted effort to target these upscale consumers.
- The majority of Amazon's customers (54 percent) shop at Amazon at least once a month and, as household income increases, so does the probability of an Amazon customer's shopping there (72 percent of the $500,000+ household-income segment shops there once a month or more often).
- About one third (32 percent) of Amazon's customers report they are enrolled in the Amazon Prime service, a benefit that makes it very convenient to make a purchase from Amazon and offers a number of other potentially valuable benefits. Notably, the Prime enrollment soars to 59 percent at the $500,000+ income level.
- When asked to compare Amazon with other stores, customers overwhelmingly rated Amazon better than other stores (64 percent in total, up to 83 percent among the $500,000+ household income segment â€" the top 1 percent of consumers). Among the benefits Amazon provides, according to its customers, are customer service, its very large selection of products, competitive pricing, and convenience of shopping online from their home or office.
- Not surprisingly, almost one third of Amazon's customers would not consider buying certain types of products or services from Amazon â€" in particular, large items (appliances, furniture, tires, etc.) and perishables.

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