Looking Forward: Amazon And Today’s Affluent Marketplaces In The United States

Contributed by Shullman Research Center
Monday, 11 July 2016

According to some industry pundits, Amazon will be the number one seller of apparel in the United States by next year. To help accelerate that achievement in apparel and fashion, Amazon earlier this year started up a new daily show, â€œStyle Code Live,â€• on Amazon.com to help push its fashion and apparel businesses. This show features fashion and beauty tips as well as live chat that allows viewers to communicate with the hosts and includes a product carousel displaying apparel related to the show and that can be purchased on Amazon.com.

As most marketers in the affluent marketplaces in the U.S. know, Amazon has been endeavoring since 2012 to get into higher-end and luxury fashion, a category of the apparel industry that to date has been slower than most to go digital in a big way. Nevertheless, Amazon is still perceived in many circles in America as where one goes to buy television sets and socks, not $200 jeans or $3,000 evening gowns. â€œStyle Code Liveâ€• seems like another step in Amazonâ€™s effort to chan that current perception in the U.S.. In addition, earlier this year Amazon quietly launched seven private-label fashion brands here, selling goods like menâ€™s dress shoes, and womenâ€™s and childrenâ€™s clothing. Based on currentÂ prices, brands are currently targeting mass-market America, but nothing prevents Amazon from launching fashion and other personal luxury brands to tap the affluent marketplaces in the U.S., that it has already penetrated with its other offerings. Plus, it already sells upscale watches and jewelry on its U.S. sites, as well as premium fragrance and cosmetic brands. Also, some upscale fashion brands have begun marketing their apparel on Amazon in America.

From our perspective, Amazon is better positioned now to market all categories of upscale goods and services in the U.S. than it was last year, when we focused on Amazon and its forays into the affluent marketplace. This obviously assumes that upscale brands can eventually become comfortable working with Amazon.Â And if they do not, we donâ€™t believe itâ€™s far-fetched to predict that Amazon will eventually launch its own upscale fashion brands with higher price points.

What else we currently know about Amazonâ€™s positioning in America is the following:
- The number of American adults who reported they bought one or more items from Amazon in the past 12 months, according to our surveys, has increased from 144 million (60 percent of all adults) to 151 million (62 percent of all adults)
- Amazon continues to have great appeal to affluent and luxury-oriented consumers, as 67 percent (71 million) of affluent Americans (those with household incomes of $75,000 or more) and 63 percent of the very affluent (those with household incomes of $250,000 or more) reported they bought from it during the past 12 months.
- Amazon's affluent and very affluent customers are shopping there very frequently. While 66 percent of all American Amazon customers are now doing so once a month or more often, compared with 54 percent in our prior survey, 73 percent of their affluent customers and 74 percent of their very affluent customers reported they purchased one or more items in the past month in our most recent survey, compared with 58 percent and 66 percent in the prior survey.
- Also, when asked to compare Amazon with other stores and sites at which they shop, about 73 percent of all its American customers (compared with 64 percent in our prior survey) rate Amazon as better than other stores and sites. Seventy-five percent of the affluent now rate Amazon as being better, along with 80 percent of the very affluent. Notably, only 1 percent of all Amazon's customers rate it worse than other stores and sites at which they shop.

Based on Amazonâ€™s current positioning and penetration among its American affluent consumers (no matter how one defines affluence), we believe that Amazon will continue moving deeper into the affluent and luxury markets going forward. Consequently, we continue to recommend that upscale and affluent marketers review the consumer benefits that Amazon is now offering and considering offering in America and then offeringÂ as many of them as they can. As we all know, American shoppers want "convenience" and "to save time," when they shop to cite just two benefits Amazon offers, to it American customers and others around the globe as well as other benefits such as Amazonâ€™s Prime . Affluent marketers in the U.S. who don't offer comparable or better benefits to what Amazon is currently offering in the near future are, in our estimation, failing to do so at their own peril.