Looking Forward: Amazon And Today’s Affluent Marketplaces In The United States — Part 2

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In our July column, we reviewed in some detail how much deeper Amazon has reached in its quest to penetrate the consumer marketplace in the United States. According to our most recent survey, 151 million American adults made one or more purchases from Amazon in the past 12 months. And no matter how one defines affluence in America, 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. Also, when asked to compare Amazon with other stores and sites where they shop, 75 percent of the affluent in the U. S now rate Amazon as being better, along with 80 percent of the very affluent. Notably, only1 percent of all Amazon's customers in the U.S.Â rate it worse than other stores and sites where they shop.

What is it about Amazon that leads almost three quarters of its American customers to rate it "better" than other stores and sites where they shop? We did follow-up, asking these customers to tell us why they rated Amazon better than other stores. Overall, their responses were generally very positive and multi-faceted, and could be categorized into one or more of the following twelve benefits:

- Amazon offers a wide breadth of products and services;
- Amazon provides one-stop shopping;
- Amazon offers competitive pricing;
- Amazon makes it convenient to shop (customers can shop from home or office, no driving, etc.);
- Amazon offers fast and free shipping to its Amazon Prime customers;
- Amazon offers free and fast shipping to non-Prime Customers who spend at least $35 for each order they make;
- Amazon Prime customers receive other benefits in addition to free shipping (Prime Videos, Prime Music, Prime Photo Storage, etc.);
- Amazon facilitates hassle-free returns when purchases need to be returned;
- Amazon delivers responsive customer service when service is needed;
- Amazon offers online reviews of products by prior purchasers;
- Amazon is a globally recognized brand;
- Amazon offers automatic shipping on recurring orders.

Big picture, it appears to us that a good number of these customers who rated Amazon â€œbetterâ€• would most likely agree that Amazon is doing a very good job of delivering on its four guiding principlesÂ included in the PR releases. These are:

- Customer obsession rather than competitor focus;

Passion for invention;
Commitment to operational excellence;
Long-term thinking.

Finally â€” a development of interest to readers in the financial services industry â€” Amazon recently formed a partnership with Wells Fargo & Co. to begin offering interest-rate discounts to select Amazon shoppers as part of its â€œPrime Studentâ€• services in the U.S..

Only time will tell if Amazon is now moving into the financial services marketplace. However, to the extent that Amazonâ€™s student-loan program is successful, itâ€™s an interesting way to build relationships with affluent Millennials over time in the U.S and potentially with other financial services around the world..