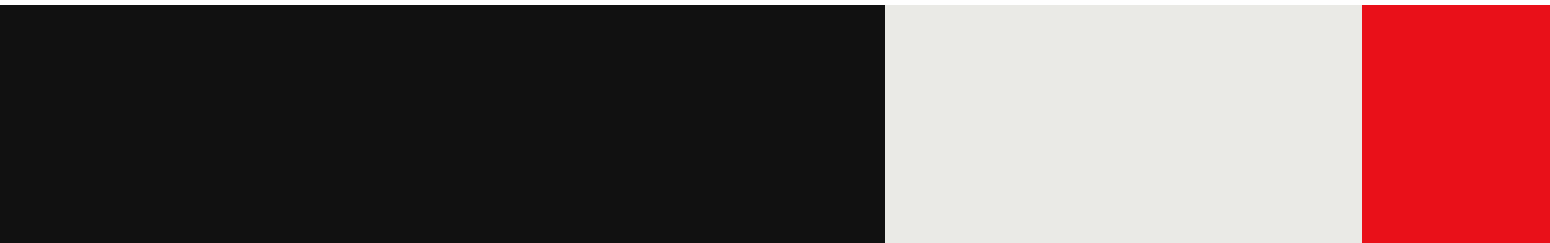


Reimagining Retail: Prime Day campaigns that stole the show and new flavors of Prime Day we expect to see in the future

Audio



On today's episode, in our "Retail Me This, Retail Me That" segment, we discuss data, campaigns, and non-Amazon retailers that captured our attention during this year's Amazon Prime Day. Then for "Red-Hot Retail," our analysts give us some spicy predictions about what changes to Prime Day we may see in the future. Join our analyst Sara Lebow as she hosts analyst Blake Droesch and vice president and analyst Andrew Lipsman.

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Episode Transcript:

Sara Lebow:

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sound data back decisions. Visit emarketer.com/newsletters and join the thousands of subscribers who rely on our actionable charts.

Hello, listeners. Today is Wednesday, July 19th. Welcome to Behind the Numbers: Reimagining Retail, an eMarketer podcast. This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is Prime Day. First, let's meet today's guest. Joining me for today's episode, we have principal analyst, Andrew Lipsman. Hey, Andrew.

Andrew Lipsman:

Hey, Sara.

Sara Lebow:

And also with us is Senior Analyst, Blake Droesch. Welcome back, Blake.

Blake Droesch:

Hey, Sara. Good to be here.

Sara Lebow:

Good to have you. Okay, let's get started with our first segment. Today we're turning news and reviews into something I'm calling News and Prime Skews, where I put Andrew and Blake on the spot and asked them if they partook in Prime Day. What did you buy? Where'd you buy it from? Amazon or somewhere else? And is that purchase part of a greater trend in retail? We're going to put 60 seconds on the clock for each of us. Andrew, what did you buy this Prime Day?

Andrew Lipsman:

So it turns out I bought eight or nine things on Prime Day, but it's completely uninteresting. In the days before Prime Day, I added a bunch of things to my basket, household commodities, things like socks that I needed to replenish, thinking that I would wait for Prime Day for the price to go down, and none of them did and I bought them anyway. So I got no discounts on Prime Day with one exception. I did buy my kids a Spalding basketball, normally \$35 for 20 bucks. So that felt like a good deal, but that was the only purchase of any consequence. So Amazon hoodwinked me and I fell for it, and I ended up making a lot of incremental purchases.

Sara Lebow:

So full price apparel, discounted toy as a basketball toy.

Andrew Lipsman:

That's it. That's the only thing I got on a discount.

Sara Lebow:

I guess not the way you're training your kids. I'd imagine you're taking it very seriously.

Andrew Lipsman:

Yes.

Sara Lebow:

All right. Blake, what did you buy this Prime Day?

Blake Droesch:

I didn't buy anything. I didn't buy anything because I really have only used Prime Day in the past to buy a big electronic that I need. So if my headphones are deteriorating or maybe I need to get a new television, but I'm just not in that cycle and I do routinely purchase. I rely on Amazon to purchase my coffee and a handful of personal care items, but I'm very specific about the products that I buy and none of them were on sale. So I think as someone who probably not unlike a lot of other people who use Amazon as their go-to for everyday household items, but Prime Day isn't really super valuable unless the things that you're generally buying are going to be going to be discounted. I did like Andrew's approach though. I'm disappointed to hear that it didn't work out.

Sara Lebow:

Yeah.

Andrew Lipsman:

Yeah. Not at all. I was just waiting for the day to start and to see at least some of the prices drop and not one, and I was dejected, but I think you outsmarted me because you didn't give Amazon the satisfaction of making those purchases anyway.

Sara Lebow:

Now it's time for our next segment. Retell me this, retell me that where we discuss an interesting retail topic. Today's topic is Prime Day. Prime Day happened on Tuesday and Wednesday of last week, the 11th and 12th of July. And while the data is still cooking, we know the first day saw overall US Sales Prime and otherwise, a nearly 6% increase year over year to six and a half billion dollars according to Adobe and analytics data. We forecasted a 10% year over year increase in US retail sales across both days of Prime Day for a total of 13 and a half billion dollars this year. So my first question for each of you is what's one very early data point that captured your attention and why? Andrew, you go first.

Andrew Lipsman:

Yeah. So numerator puts out some break data during the course of the two day event in real time. So I always like to take a look at that to understand some of the spending breakdowns on Prime Day. The one that caught my eye was a survey they did of consumers asking them which categories they bought in and the number, the stat is that 21% bought in the consumer electronics category. It is one of the more purchased categories on Prime Day. It's an important one, but that number was down quite a bit actually from 28% two years ago to 27% last year to 21% this year. So that's a slide. And I had said before the event that consumer electronics is an important category. If we see it start to bounce back amid recent softness, that could be a great sign for Amazon for e-commerce overall and looking ahead to the holiday season. But the early read is that we didn't quite get that silver lining.

Sara Lebow:

Yeah. Some of the top items purchased on Prime Day were consumer electronics. I think Fire TV Stick was one of them. Amazon Echo was one of them, but clearly not enough to buoy the entire category. I did my part, I bought headphones. Blake, what is a data point that stood out for you this Prime Day?

Blake Droesch:

Yeah. So I was looking at some of the top line data that Adobe puts out and I found a little bit of a deeper tidbit about buy now, pay later. And Adobe found that 6.5% of the Prime Day orders on both days leveraged buy now, pay later, which drove more than 920 million in revenue, which is up 20% year over year. And a lot of the spending according to Adobe using buy now, pay later was in categories like apparel, furniture and home and electronics. And it's

a pretty big jump. I didn't really look at what the percentage and how that benchmarks against buy now, pay later growth in general. But I do think it says a little bit about what Prime Day has become in terms of these this be really becoming a practical sales day where people are purchasing, not necessities, but items that most people need like televisions and headphones.

So I think it's not necessarily something where people are splurging anymore, but paired with a utility like buy now, pay later, and a sales event. It's something that has a level of practicality for a consumer, which I think when we discuss what the future of Prime Day might mean as it grows more frequent and perhaps in turn more mundane, it's also becoming more practical. And the use of buy now, pay later says a little bit more about what it actually is at its core is yes, a big flashy marketing event for Amazon. But for consumers it's a sale and it's a place and it's an opportunity to purchase an item at a little bit of a discount that you might need, but it's not necessarily food on the table. It's that next level

Sara Lebow:

That buy now, pay later data, that growth rate is actually right in line with our forecasted growth rate overall. So you said buy now, pay later is grew at 20% year over year. That's exactly where we've got it at in our forecast for US buy now, pay later growth year over year. That's for a total of 72 billion this year. So that 1 billion that's coming from Prime Day is actually not a ton, but it shows that the Prime Day buying habits are pretty in line with overall buying habits. It's just on a more accelerated day. Coming off of our data points, what's one campaign this Prime Day that captured your attention? Blake, why don't you go first with this one?

Blake Droesch:

Yeah. So when I looked at the initial press release that Amazon put out around Prime Day, it included a lot of products created by influencers largely of whom that I had never heard of. And I was tenuously familiar with some of these products. But as I started researching them, I found that more and more were actually CPG and food and beverage products. I think of the maybe handful of products that were influencer or celebrity created that Amazon mentioned in the press release. Four of them were beverage products. You've got Betty Buzz by Blake Lively, which is a seltzer and Soda. Prime by Logan Paul and KSI, which is an energy drink and Chamberlain Coffee by Emma Chamberlain, which is obviously a coffee. And then you have Courtney Kardashian's vitamin and supplement brand.

And I found that this was pretty interesting considering that even these celebrities and influencers with really, really strong social media followings are going to retailers like Amazon to scale these CPG brands. And that going to D2C isn't necessarily the best way to achieve growth even when you have this huge, huge built-in audience through influencers. And I think that Amazon is smart by using influencers in this way. It really fits into their objectives when it comes to growing sales of essential goods and CPG products and food and beverage. And they really have fallen flat in my opinion over the last couple of years, particularly on Prime Day when it comes to some of their influencer led activations. I think last one was really heavily of revolving around Amazon Live, which really failed to catch on and I guess it'll be wait and see to find out how successful these types of types of brands do on Amazon. But I did find it to be a pretty interesting place for Amazon and these other brands to partner. It felt like a good fit.

Sara Lebow:

Yeah. Those celebrities and influencers don't have small followings. Those are huge influencers. You have Emma Chamberlain who has her own podcast and millions of followers. You have a Kardashian, obviously huge. Blake Lively, her husband owns a marketing agency and has his own very popular tequila brand. So I'm not surprised to see a beverage there. And then Logan Paul, that's one of the biggest YouTube creators, he had the first Super Bowl advertisement with an influencer product. So it really shows something that these huge influencers... Sorry. Go ahead, Andrew.

Andrew Lipsman:

Yeah. Can we talk about Prime first if I love the fact that it was Prime on Prime Day. I have been hearing about this product nonstop from my kids who many are the YouTube generation. They've been begging me to buy it and it was in Target with them a couple of weeks ago and I was going to relent and buy them Prime and I see it on the shelf and I go over and I look at it and it says there's 200 milligrams of caffeine. I go, "What? No." But apparently now this is in the crosshairs of Senator Schumer and they're going after it for confusion. I guess there are actually two products, but I didn't know this. There's one that's just the sports beverage essentially, and one that's more like Red Bull. I did not know that at the time, and I told them no when I saw it. That said we did buy a Mr. Beast Candy bar at Target. So yeah, influencers are influential apparently.

Sara Lebow:

Is Mr. Beast selling on Amazon? I don't think he is. I think he's partnered with Shopify.

Andrew Lipsman:

He might not be, but he is in Target.

Sara Lebow:

And Walmart. Okay. In the interest of time, we won't linger on Logan Paul Energy drinks. Still can't remember if that one's Logan or Jake. Andrew, what is a campaign that captured your attention?

Andrew Lipsman:

So one that caught my attention was a partnership with Priceline this year offering an additional 20% off of Priceline's Hotel express deals. So first that I have no idea if this was successful or not. It captured a little bit of buzz really because it was the first time that a travel brand offered an exclusive on Prime Day. So one, a lot of consumer spending right now is just moving in the direction of travel. So in some sense maybe it's aligning a little bit better with what consumers are spending their money on at this moment. But the thing that I thought was very interesting, I was reading a Reuters article on the topic to the booking site currently runs ads through Amazon's portfolio of streaming and audio products. It seems like this is some an advertising play for non-endemic advertisers.

A category like travel is a big one and Amazon is increasingly trying to court brands like that. So I'm not exactly sure how it plays into that, but it does seem like this may be a way of understanding whether ads on some of those platforms then we're able to drive more conversions of this deal. And that could be a way to close the loop on sales for a category like travel that's maybe a little bit harder to close the loop on. Just some experimentation potentially. But the non-endemic advertiser opportunity for Amazon is really big. So I think that's why this is interesting.

Blake Droesch:

That's really interesting, Andrew, because when I was going through my promotions tab and Gmail to see what other Prime adjacent emails I was being sent, I got one from budget car rental, which said specifically it was a Prime Day related email that if you went to the budget site and rented a car and paid for it upfront using your Amazon login via a widget on the budget website, then you would get a \$30 gift card or something of a Amazon gift card to

spend during Prime Day. So I do wonder if there's something there considering these offhand relationships that are popping up in the travel industry. It's interesting.

Sara Lebow:

And you have Expedia have partnering with OpenAI to have ChatGPT powered plugins. So that's something happening on an entirely different side of that travel world where I think all of these travel guys are getting into advertising in a new way.

Andrew Lipsman:

Yeah. And now's the time to do it and to experiment because the market is still pretty hot.

Sara Lebow:

Okay. And moving on to our final question in this section, what is one non-Amazon retailer action that captured your attention? Andrew, you go first on this one.

Andrew Lipsman:

I think the biggest news of this whole cycle outside of Amazon itself is Walmart decided to counter program directly against Amazon again with Walmart plus week. Last year they had Walmart plus weekend. In June, it was off cycle for Prime Day and despite a worthy effort, and I don't think it took off because it's hard to create a shopper behavior that doesn't exist out of thin air. So this time they just aligned with Prime Day and I suspect they did much better with it as a result.

Sara Lebow:

Yeah. They probably had a lot of shoppers like you with their Prime Day items sitting in their cart gambling on waiting for the Prime Day deal instead of taking the Walmart one last year. Blake, what is a non-Amazon retailer action that captured your attention?

Blake Droesch:

Yeah. I would dual Walmart and Target because of the really simple, but I think is ultimately going to be effective strategy of padding a week around Prime Day, a week of sales. Because I think from a very, very straightforward, just looking at the calendar, last week was a holiday week in the US. You had a lot of people because of where the 4th of July sat took an extended

vacation and they were away from their laptops. They weren't necessarily thinking about what they're refilling their household, their replenishable, maybe they're away.

I think that hurt the marketing effort in the lead in to Prime Day and you're probably going to have a lot of people who are finding out the day after Prime Day through the rest of the week that maybe they hadn't heard about this event until after it had happened because now they're tapped into the regular media, the regular ways in which they're going to find out about a sales event. And I just think that's long tail this year for some of the later extended sales on Amazon or the later extended sales from the competitors that have built it out a little bit longer could get some incremental sales from people who were just not really tuned in last week and at the beginning of this week.

Sara Lebow:

Yeah. We have numerator saying that 97% of people who bought on Prime Day were already aware that it was Prime Day, but that doesn't let us know how many people weren't aware it was Prime Day and didn't buy on Prime Day as a result.

Blake Droesch:

Yeah. It's an informal poll around friends and family who are obviously not in the retail world and these are people who shop on Amazon regularly and a lot of them did not know that it was Prime Day. So make what you will of that. But I think the holiday did have something to do with it.

Sara Lebow:

Let's keep moving. Now it's time for red hot retail. This is our guest opportunity to give us their very specific and potentially risky predictions on a topic. Usually I ask our guests to assign a spice level based on how risky their prediction is, but today we're going extra spicy for all of them. Andrew Blake and I are each going to predict or invent a new Prime Day type retail event from Amazon and describe what that retail holiday might look like. Maybe it's a blowout sale on home and garden for Earth Day or a sale on running shoes ahead of a Thanksgiving Turkey trot. Our event predictions will probably be a little bit less niche than that though. Andrew, why don't you go first with your predictions/invention of an Amazon retail event.

Andrew Lipsman:

Sure. So let me give a little bit of context for this first. So last year was the first year that we had two, we'll call them Prime Day events, one in July and one in October. We also have another tent pole for Amazon around Black Friday and Cyber Monday. So we now have three key tent poles. And a question I get is, is Amazon going to do more of these? And I think the answer is yes eventually. So what is one that could happen? They've got three times a year, summer, fall, and winter holiday already covered. So to me the obvious one is in the spring. Now the spring event that we've actually seen a similar type of retailer event in the online world in the past called Way Day by Wayfair, which is usually in mid or late April kind at the beginning of the... We'll call it home improvement season.

I could see Amazon having a spring event that is built around this whole idea of home improvement, maybe trying to capture some of that share from Wayfair, which is struggling a bit more these days. It's also a massive category where you have players like Home Depot or Lowe's. So Amazon may want to see if they can each share from brick and mortar retail and I think they could build it around the home and garden category. Outdoor furniture could be popular during this. I also think Amazon has a lot of Greek flagship electronics for the smart home and protecting your home, security, ring doorbell, things of that nature. So I could see them creating an event around that whole idea of home improvement.

Sara Lebow:

I like that idea. I could definitely see them listening to this pod and adopting it. Blake, what is your idea for a new Amazon Prime Day type holiday?

Blake Droesch:

Obviously Prime Day, particularly this year, there was a pretty heavy emphasis on the food and beverage category, but those are a lot of items that are basically shipped to home adjacent. So CPG items that you could purchase along with any number of Amazon products and have it delivered via standard mail. But there's also Amazon Fresh and Whole Foods delivery, which is more grocery delivery, which is another side of Amazon's food and beverage business. And it's a side that from the data that I've seen is a little bit less penetrated and particularly around Prime Day. It's not something that they've historically pushed.

I think this year they have created some incentives for discounts shopping for Amazon Fresh online and then something a little bit heavier to try and get people to visit the Amazon Fresh stores that have opened. But I do think that things like vouchers for delivery that could be

included in a sales event could be something that Amazon would be interested in doing. So it might not be open the floodgates to create giant demand on a single sales event that's going to overwhelm their Whole Foods or Amazon Fresh delivery. But I could definitely see them including it in something like a of Spring Sales Event positioned maybe around the Easter Passover time that could coincide with the barbecues and the Mother's Day and Father's days and graduation parties that people tend to have in the late spring and early summer.

Sara Lebow:

Yeah. Grocery is one of the places where Walmart is still in better shape than Amazon in a lot of ways. So I think that this would be a good bet for Amazon. This is something that consumer myself would be susceptible to where I'm like, groceries are so expensive right now, why don't I just buy the nicer ones at Whole Foods if I'm already spending so much money on grocery discounting those could get a consumer like me across that threshold. Okay. It is my turn for my retail event that I'm inventing. I make surprise, I'm also going in the spring, but I'm undercutting both of you by going, well, I guess in the winter. I'm going right ahead of Valentine's Day. So I'm thinking not Valentine's Day, but more an end of winter. Second chance at New Year's resolution, treat yourself type wellness, holiday event. Health and beauty is Amazon's fastest growing e-commerce category in the US but it still has room to grow penetration.

So this year, health and beauty is projected to have 24% growth according to our forecast and health and beauty e-commerce penetration is at 32% for Amazon. They have subscribe and save and a lot of services like that could get those beauty customers to stick around once they started buying things from Amazon. And if they pushed this, they could also have people buying apparel or fitness items as well if they really pushed this as this wellness second shot at New Year's resolution event. So that's my pitch for Amazon and my pitch for getting a second shot at New Year's resolutions, something I never make in the first place.

Andrew Lipsman:

No, I like that a lot. And it's about getting yourself in shape to find a romantic partner. You could call it Singles Day.

Sara Lebow:

Singles Day might already good.

Andrew Lipsman:

Wait, that's taken?

Blake Droesch:

I do love that idea about subscribe and save I think is something that's going to be just so much bigger for Amazon's business in the coming years and it's going to be something that we're going to talk about a lot more, particularly in the CPG areas. And having a sales event where you can lock into a subscribe and save subscription at a lower rate would be huge and I think a lot of brands would be interested in that. I think it'd be a great way for Amazon to continue to grow that offering that they have. It's got a lot of potential

Sara Lebow:

Yeah. For context if you're not familiar with Singles Day, that's a huge Chinese e-commerce event. But yeah, definitely agree with you there, Blake. And I also think that it could be effective for getting younger consumers like Gen Z and millennial consumers into those subscribe and save systems as well. Those are consumers that are really interested in researching health and beauty. Amazon already did some stuff on TikTok this Prime Day. That's where Gen Z consumers are discovering new beauty products. So if they were willing to go on TikTok more, they could foster some of that adoption and getting them into that subscribe and save is something that they'd probably then stick around for. That's all we have time for today, so thank you for joining me today, Andrew.

Andrew Lipsman:

Thanks, Sara.

Sara Lebow:

Enjoy your new socks and thank you, Blake.

Blake Droesch:

Thanks. Great to be here.

Sara Lebow:

Great to have you. Please give us a rating and review wherever you listen to podcasts and follow us on Instagram at [behindthenumbers_podcast](#). Thank you listeners, and to Victoria

who edits the podcast so our voices always sound prime. We'll be back next Wednesday with another episode of Reimagining Retail, an eMarketer podcast. And tomorrow join Marcus for another episode of the Behind the Numbers Daily.