

# Why Victoria's Secret opened shop on Amazon

## Article

**The news:** Victoria's Secret is selling roughly 120 Victoria's Secret Beauty and Pink Beauty products, including branded fragrances, lotions, body scrubs, and body washes, in its storefront on **Amazon**.

- This is the first time the brand has sold through any third-party retailer.

**More on this:** Selling on Amazon enables brands to go where a major share of US consumers are looking.

- Although Amazon's retail sales momentum slowed in Q1, it continues to account for a major share of ecommerce sales across a number of categories thanks to the marketplace's massive customer base, which includes **165.7 million Prime members in the US**, or 68.9% of US internet users, per our estimate.
- Access to Prime members where they are shopping is particularly important given that a larger share of their spending is on Amazon. **Prime members spend roughly four times as much on Amazon as the non-Prime shoppers**, per a 2021 Bank of America survey of US shoppers reported on by Quartz.
- We estimate that Amazon accounts for roughly **one-third of online purchases of health, personal care, and beauty products**. By selling on Amazon, Victoria's Secret is enlarging its potential customer base.

## Amazon Retail Ecommerce Sales Share, by Product Category

US, 2022, % of total

### % of Total Retail Ecommerce Sales

Apparel & accessories



Auto & parts



Books music & video



Computer & consumer electronics

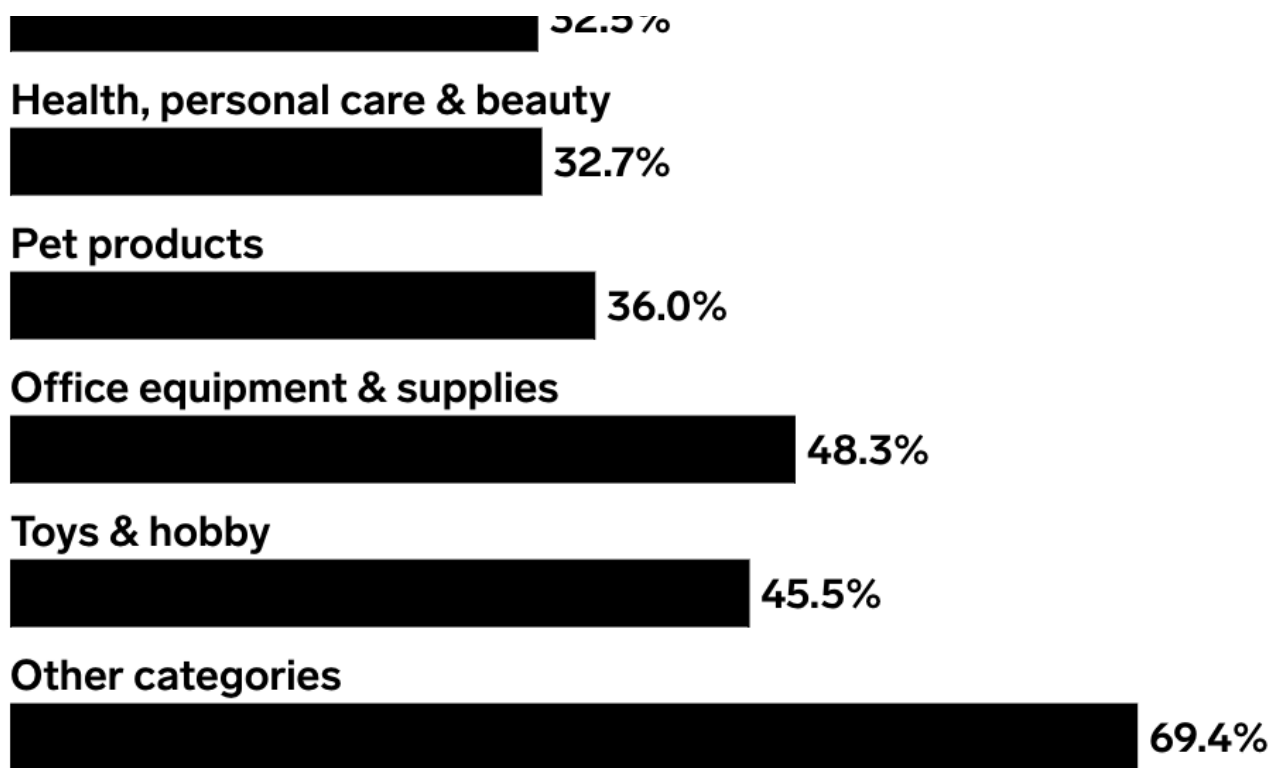


Food & beverage



Furniture & home furnishings





Source: eMarketer, February 2022

eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)

**D2C brands warm to Amazon:** Victoria's Secret isn't alone in its new strategy. A number of direct-to-consumer brands, including Chinese condiment startup **Fly By Jing** and toothpaste brand **Bite**, have also begun selling on Amazon, per Modern Retail.

**The risk/benefit:** While Amazon provides brands with access to a lucrative customer base, that access comes at a cost—in terms of fees, placement, and perhaps most importantly, customer data and loyalty.

- There are different calculations for large brands such as Victoria's Secret, which have leverage to negotiate on some of those factors, versus smaller brands, which have little choice but to battle hard in terms of pricing, features, and other elements to attract attention.
- Retailers know that if they aren't selling on Amazon, third-party sellers will. By selling on Amazon, they can negotiate to restrict third-party sellers and win the coveted Buy box.

- Another significant cost retailers have to factor in is the price of advertising on the platform. Amazon's burgeoning advertising business, which grew more than 23% in Q1, serves as a de facto toll for sellers to reach marketplace shoppers. If retailers don't pay for ads, their competitors will.

**The big takeaway:** This isn't the first time that brands have weighed the pros and cons of selling on Amazon.

- Brands such as **adidas** and **Levi's** have dedicated storefronts on Amazon, while **Birkenstock** and **Nike** have pulled off the platform.
- The question of whether retailers should distribute on Amazon ultimately comes down to whether the platform can provide incremental sales without eating into their bottom lines. There's little question that Amazon can drive volume, but retailers need to be careful to ensure that volume doesn't come at the cost of customer loyalty.
- By limiting the number of SKUs on Amazon, Victoria's Secret may be able to thread that needle.