

# Amazon Dominates EU-5 Ecommerce Market

But, Alibaba's rapid expansion and connectedness ignite competition

## ARTICLE

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**A**mazon and Alibaba continue to expand into Western Europe—Amazon with hopes of capturing a greater European consumer base, and Alibaba selling luxury European goods to its tens of millions of consumers in China.

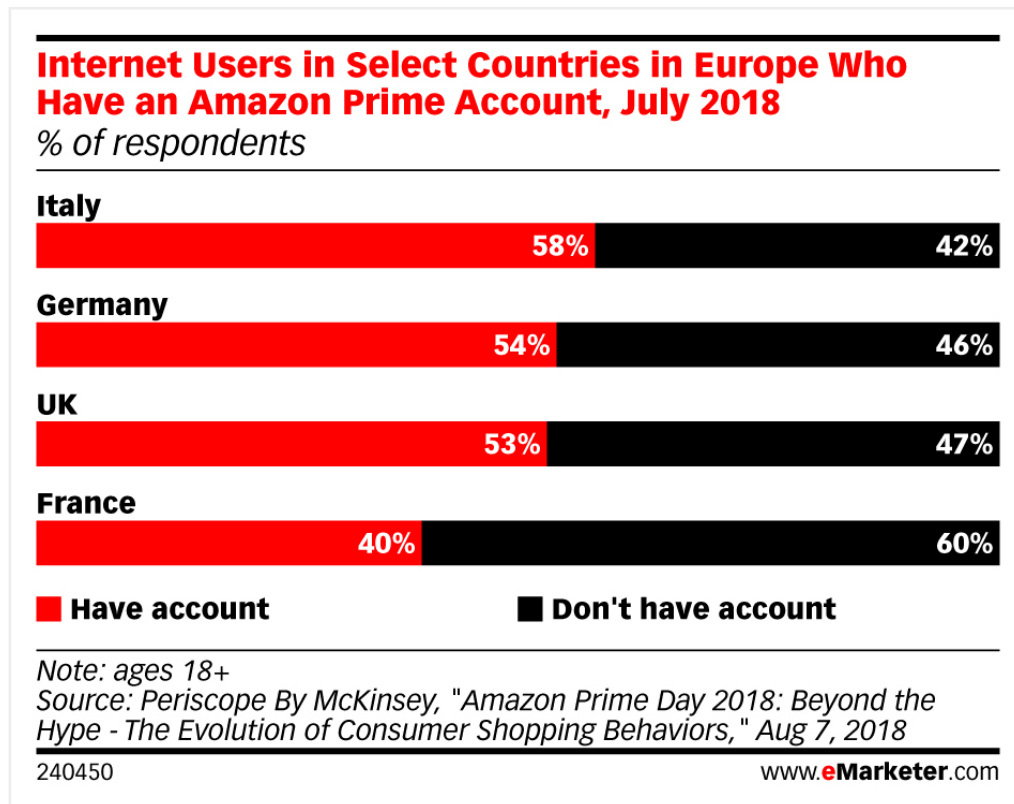
Here's why marketers in Western Europe are paying attention to these digital giants:

### Amazon's Prime Positioning

Amazon's mastery of ecommerce—a broad and growing range of products; a user-friendly website; a developed recommendation engine; and reliable and efficient delivery—has made it one of the biggest online retailers in Europe. The company's reach and logistics position it as the key competitor for retailers in the region.

Widespread and consistent use of Amazon is now the norm in Western Europe. According to a July 2018 report from Periscope by McKinsey, 47% of consumers in Germany noted frequently shopping with Amazon, as did 30% of consumers in Italy. And more than one-fifth (22%) of UK consumers considered themselves to be loyal Amazon shoppers.

Prime is at the core of Amazon's European expansion. Periscope by McKinsey found that more than half of internet users in Italy, Germany and the UK have a Prime account.



Amazon's next strategic maneuver is in voice technology. "As more and more consumers use Alexa for purchasing, Amazon will be a primary beneficiary," said Karin von Abrams, senior analyst at eMarketer. "Amazon Echo is already the leading voice-enabled speaker in most advanced markets."

### AliPay in Play

Unlike Amazon, Alibaba doesn't sell its own products, but instead functions as a platform for third parties and brands. The company has dual European objectives: to encourage top European brands to sell in China, and to establish and grow a consumer base within Europe.

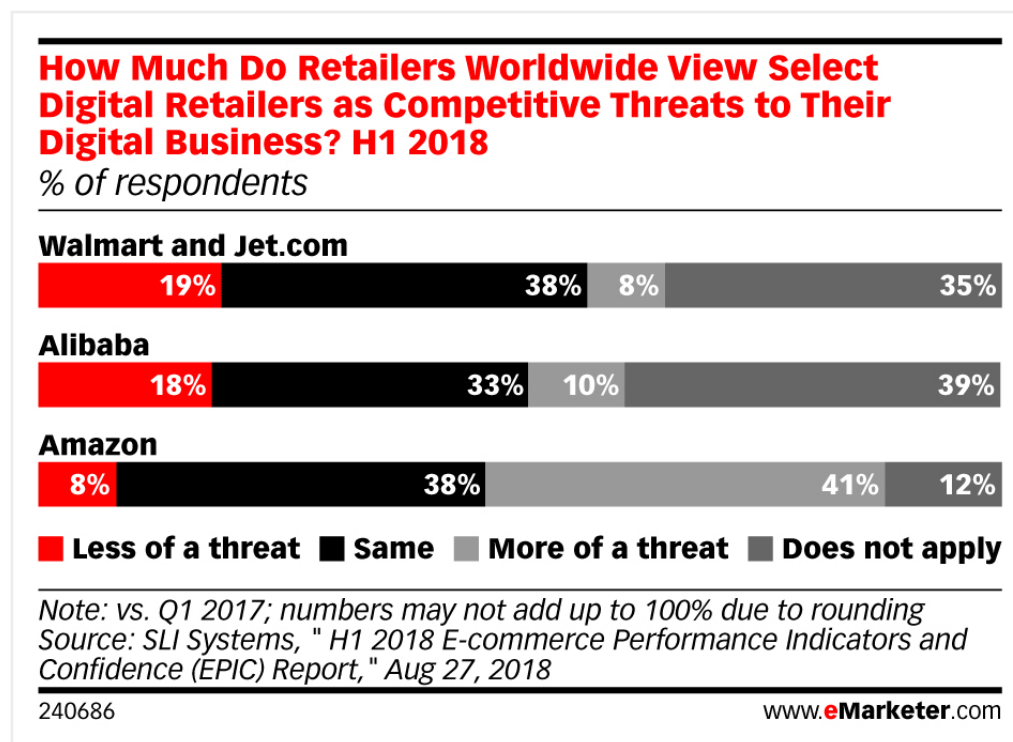
To those ends, Alibaba has focused more of its efforts on AliExpress — its B2C retail platform — as well as its mobile payment service, AliPay.

"Alipay empowers local merchants to better target and connect with their Chinese consumers [as they] increasingly vacation overseas," said Alba Ruiz, the company's business development manager for Spain and Portugal.

This untapped ecommerce potential plays a big role in the company's future. "While its current consumer base is primarily Chinese, it's possible that this payment option will gain ground in Europe, too, if it has major advantages over regional alternatives," von Abrams said.

## A Competitive Edge

Growing competition from these digital giants hasn't gone unnoticed. In an H1 2018 study from SLI Systems, retailers worldwide were asked whether (and to what extent) they considered Walmart/Jet.com, Amazon and Alibaba to be more or less threatening to their digital businesses vs. Q1 2017. The survey found that four times the number of respondents said they do worry about competition from Amazon, compared with 10% that consider Alibaba a threat.



Nearly as many respondents (39%) noted that competition from Alibaba "does not apply" because of its differing business model.

"Only recently has [Alibaba] begun to experiment with a retail offering for shoppers outside China—and it's way behind Amazon in developing a logistics network, market share and even brand awareness among European shoppers," von Abrams said. "Bearing that in mind, it's not surprising that many retailers in Europe don't consider Alibaba a threat just yet."