How Prime Day 2020 Deals Influenced Retail Pricing Strategies

22nd Oct, 2020

BY DATAWEAVE

Our preliminary analysis reveals that Prime Day 2020 motivated Amazon's rivals to offer deeper discounts in key categories to try to make their merchandise more magnetic and lure consumers away from the e-commerce giant.

This year's Prime Day is momentous, as the COVID-19 pandemic has encouraged more consumers to make online shopping a more regular habit. It also marks the first time Prime Day took place in the strategically significant final quarter of the year, kicking off the holiday sales season.

At DataWeave, we wanted to know whether Prime Day 2020 lived up to the hype and how Amazon's deals compared to other retailers' discounts. Our analysis examines products across three popular categories: electronics, beauty and fashion.

Our Methodology

We tracked the pricing of several leading retailers (Best Buy, Target, Walmart and Amazon) selling consumer electronics, beauty and fashion to assess their pricing and assortment strategies during this annual sales event.

Our analysis focused on additional discounts offered during the sale to estimate the true value that the sale represented to consumers. Our calculations compared product prices on Prime Day versus the prices prior to
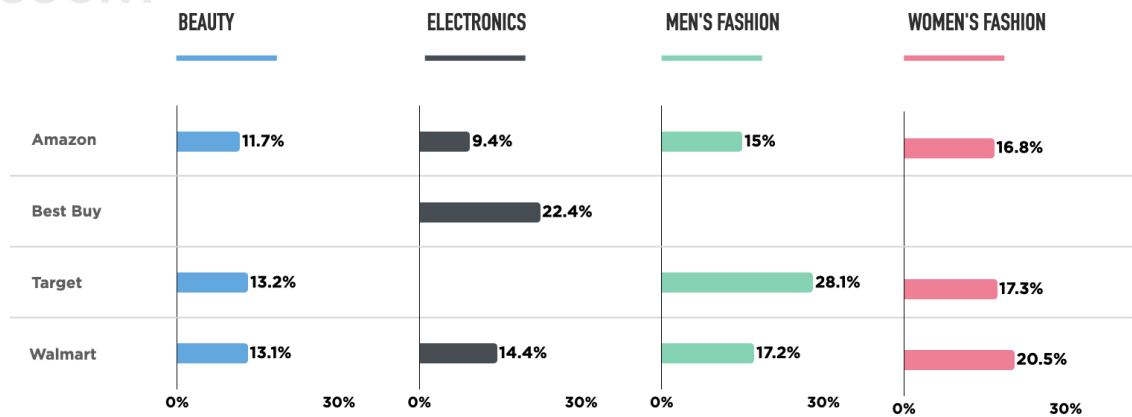
the sale. The sample consisted of up to the top 750 ranked products across 21 popular product types in consumer electronics, beauty and fashion.

The Verdict

amazon primeday 2020
AVERAGE ADDITIONAL DISCOUNT

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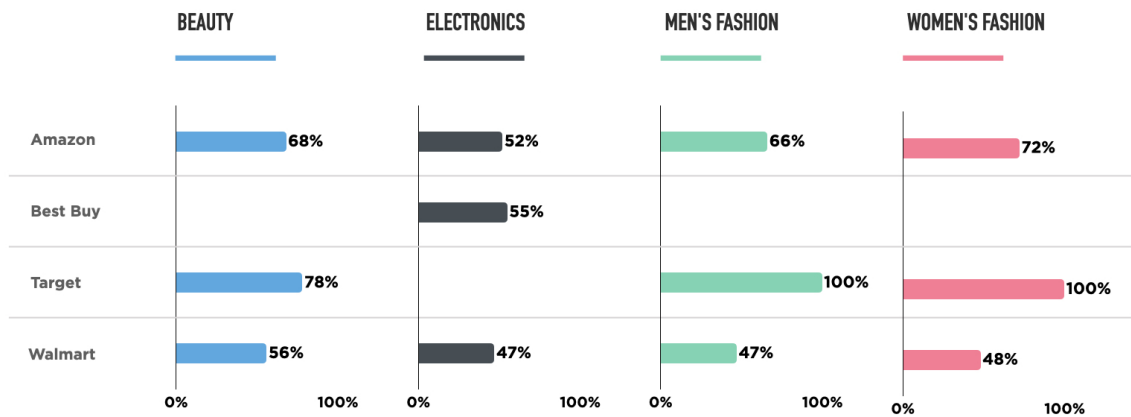|	BEAUTY	ELECTRONICS	MEN'S FASHION	WOMEN'S FASHION
Amazon	11.7%	9.4%	15%	16.8%
Best Buy		22.4%		
Target	13.2%		28.1%	17.3%
Walmart	13.1%	14.4%	17.2%	20.5%

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Overall, Amazon reported the lowest price reduction in the Electronics, Beauty and Fashion categories (13.4%), compared to Best Buy (22.5%), Target (21.7%) and Walmart (16.3%). Yet Amazon reported the second-highest percentage of additionally discounted products (12.0% vs. 15.7% for Target).

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COMMON SKUS WHICH WERE DISCOUNTED

	BEAUTY	ELECTRONICS	MEN'S FASHION	WOMEN'S FASHION
Amazon	68%	52%	66%	72%
Best Buy		55%		
Target	78%		100%	100%
Walmart	56%	47%	47%	48%

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After Prime Day ended, certain assortments reflected more significant price increases than others. For instance, 97% of Target's 158 products in Electronics, Beauty and Fashion had a price increase during the post-sale period, compared to 49% of Walmart's 986 products. This discrepancy makes sense given Walmart's everyday low price strategy.

These results suggest that although Prime Day generates tremendous media buzz for Amazon, the most generous deals come from its rivals. To stand out and lure shoppers away from Amazon, competitors offered comparatively deeper discounts, especially in categories in which they want to grow their market share. This means online shoppers would be wise to compare prices across retailers' websites to find the best cross-category deals on Prime Day.

Top product types by additional discount
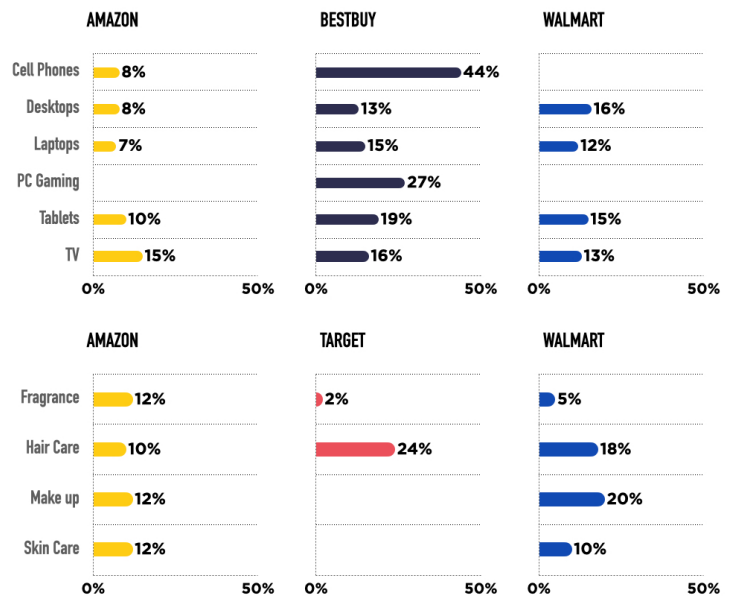
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AVERAGE ADDITIONAL DISCOUNT

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ELECTRONICS

	AMAZON	BESTBUY	WALMART
Cell Phones	8%	44%	
Desktops	8%	13%	16%
Laptops	7%	15%	12%
PC Gaming		27%	
Tablets	10%	19%	15%
TV	15%	16%	13%

BEAUTY

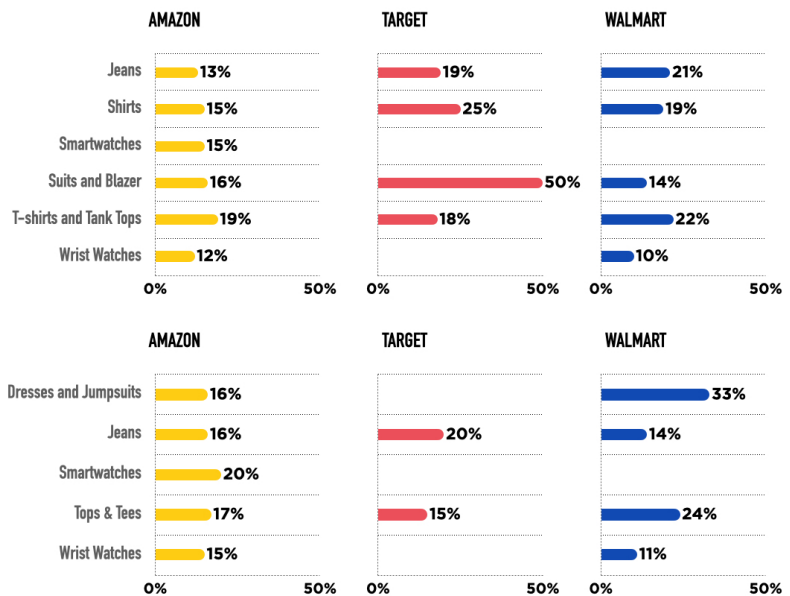|	AMAZON	TARGET	WALMART
Fragrance	12%	2%	5%
Hair Care	10%	24%	18%
Make up	12%		20%
Skin Care	12%		10%

In Electronics, Best Buy offered the biggest average additional discount (22.4%) and Amazon offered the lowest (9.4%). Tablets were a popular product category among Amazon, Best Buy and Walmart, with Best Buy offering the best average additional discount at 19.1%. Other popular product types among rival retailers included TVs, desktops and laptops.

In Beauty, Target (13.2%) and Walmart (13.1%) almost tied for the biggest overall additional discount. Makeup was a popular beauty subcategory, with Walmart offering the highest additional discount at 19.7%. Other popular product types included hair care, skin care and fragrance.

AVERAGE ADDITIONAL DISCOUNT

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MEN'S FASHION

	AMAZON	TARGET	WALMART
Jeans	13%	19%	21%
Shirts	15%	25%	19%
Smartwatches	15%		
Suits and Blazer	16%	50%	14%
T-shirts and Tank Tops	19%	18%	22%
Wrist Watches	12%		10%

WOMEN'S FASHION

	AMAZON	TARGET	WALMART
Dresses and Jumpsuits	16%		33%
Jeans	16%	20%	14%
Smartwatches	20%		
Tops & Tees	17%	15%	24%
Wrist Watches	15%		11%

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In Men's Fashion, Target offered the biggest average additional discount of 28.1%. Suits and blazers were a popular fashion subcategory, in which Target offered the highest average additional discount at 50.0%. Other popular product types included T-shirts and tank tops, shirts and jeans.

Within the Women's Fashion category, Walmart offered the biggest average additional discount of 20.5%. Tops and tees were a popular product category across all three fashion rivals, with Walmart offering the best average additional discount at 23.6%. Other popular product types included dresses, jumpsuits and jeans.

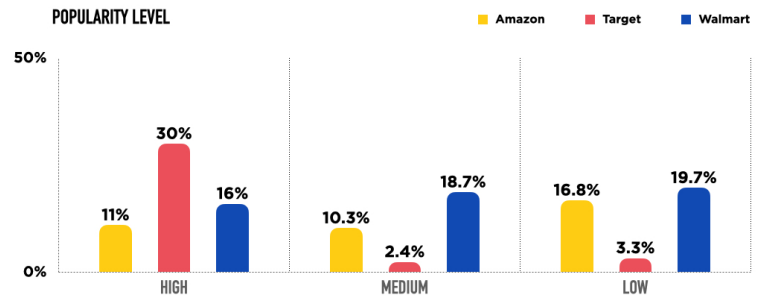## Additional discounts across product "premiumness" levels

Premiumness was calculated as the average selling price before the sale event. This was divided into low, medium and high premiumness levels, with high indicating higher selling prices.
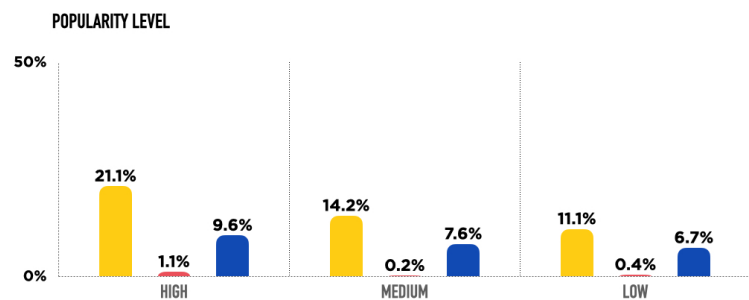
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ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS- BEAUTY
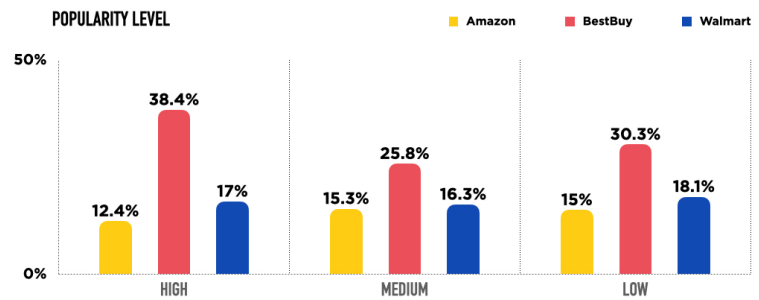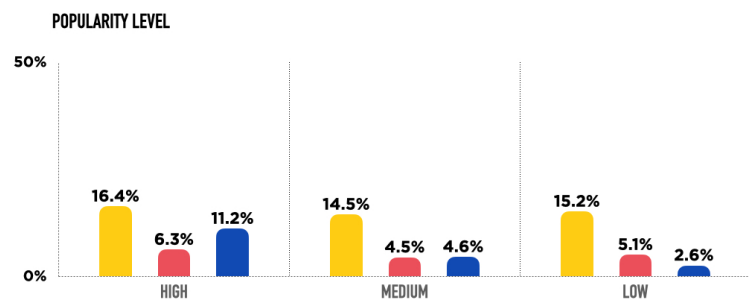
AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Legend: Amazon | Target | Walmart

	HIGH	MEDIUM	LOW
Amazon	11%	10.3%	16.8%
Target	30%	2.4%	3.3%
Walmart	16%	18.7%	19.7%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

	HIGH	MEDIUM	LOW
Amazon	21.1%	14.2%	11.1%
Target	1.1%	0.2%	0.4%
Walmart	9.6%	7.6%	6.7%

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In Electronics, Amazon showed a direct relationship between its additional discounts and the level of premiumness; Best Buy and Walmart showed an inverse relationship. Best Buy offered the biggest additional discounts across all levels of premiumness, nearly triple Amazon's discounts (20.7% vs. 7.0%) at the low end of the premium spectrum, and more than double Amazon's discounts (18.5% vs. 7.3%) at the moderate level. Best Buy's discounting strategy show it's serious about protecting its competitive position in electronics.

Best Buy and Walmart offered the most additional discounts at the high end of the premiumness spectrum, making both retailers more competitive in the high-ticket electronics category. By contrast, Amazon offered nearly double the additional discounts of its rivals within the low segment, which helps to protect its margins while making products even more affordable and appealing.

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ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS-MEN'S FASHION

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Legend: Amazon, BestBuy, Walmart

	HIGH	MEDIUM	LOW
Amazon	12.4%	15.3%	15%
BestBuy	38.4%	25.8%	30.3%
Walmart	17%	16.3%	18.1%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

	HIGH	MEDIUM	LOW
Amazon	16.4%	14.5%	15.2%
BestBuy	6.3%	4.5%	5.1%
Walmart	11.2%	4.6%	2.6%

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In Beauty, Amazon and Walmart offered their biggest additional discounts at the low premium level, possibly to position those products as loss leaders. Meanwhile Target nearly doubled and tripled its rivals' additional discounts at the high premium level (30.0% vs. 16.0% for Walmart and 11.0% for Amazon) to stand out in this intensely competitive category.

Amazon stood out by discounting the greatest portion of its Beauty offerings at all premiumness levels and Target discounted the least. Amazon and Walmart showed a direct relationship between their distribution of additional discounts and the beauty products' premiumness level.

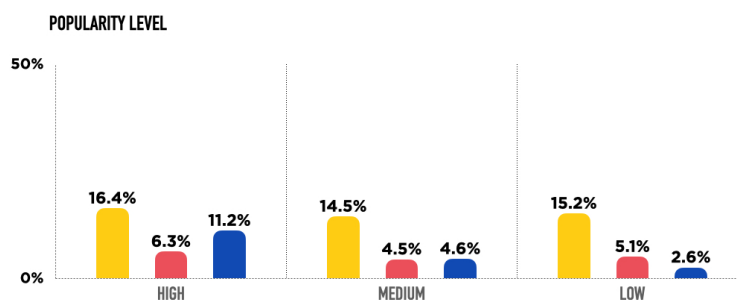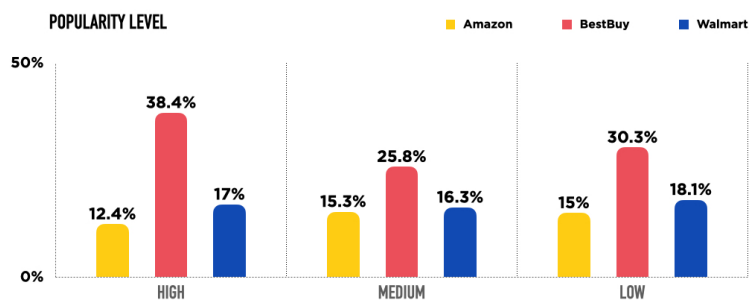## ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS-MEN'S FASHION

DATAWEAVE

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Legend: Amazon | BestBuy | Walmart

HIGH:
- Amazon: 12.4%
- BestBuy: 38.4%
- Walmart: 17%

MEDIUM:
- Amazon: 15.3%
- BestBuy: 25.8%
- Walmart: 16.3%

LOW:
- Amazon: 15%
- BestBuy: 30.3%
- Walmart: 18.1%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

HIGH:
- Amazon: 16.4%
- BestBuy: 6.3%
- Walmart: 11.2%

MEDIUM:
- Amazon: 14.5%
- BestBuy: 4.5%
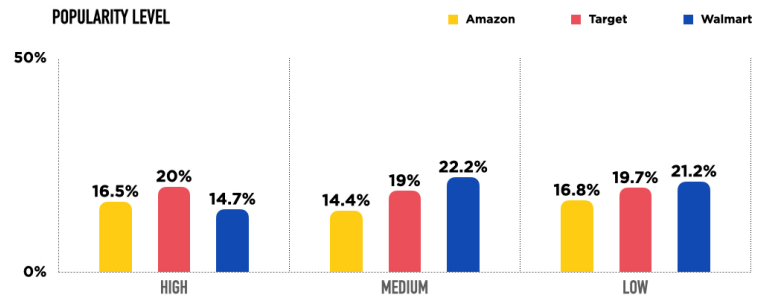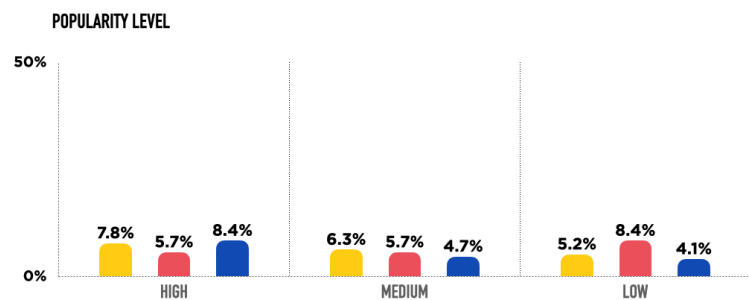- Walmart: 4.6%

LOW:
- Amazon: 15.2%
- BestBuy: 5.1%
- Walmart: 2.6%

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Across all levels of premiumness for Men's Fashion, Target offered the biggest additional discounts, including more than triple Amazon's discounts at the high end (38.4% vs. 12.4%). Target's aggressive discounting shows a desire to be more competitive within the most premium segment of Men's Fashion.

Amazon's additional discounts accounted for the greatest percentage of its Men's Fashions across all levels of premiumness, nearly triple Target's overall average (15.4% vs. 5.3%). This approach shows Amazon's willingness to give shoppers deals across a broader variety of Men's Fashion items.

ADDITIONAL
DISCOUNTS
ACROSS
PREMIUMNESS
LEVELS- WOMEN'S
FASHION

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Amazon | Target | Walmart

	HIGH	MEDIUM	LOW
Amazon	16.5%	14.4%	16.8%
Target	20%	19%	19.7%
Walmart	14.7%	22.2%	21.2%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

	HIGH	MEDIUM	LOW
Amazon	7.8%	6.3%	5.2%
Target	5.7%	5.7%	8.4%
Walmart	8.4%	4.7%	4.1%

In Women's Fashion, Target's and Walmart's overall additional discounts were comparable, and Amazon's discounts were consistently the lowest among all levels of premiumness. Walmart offered its most generous discounts at the low and medium level of premiumness, which could reinforce its low-cost leadership image.
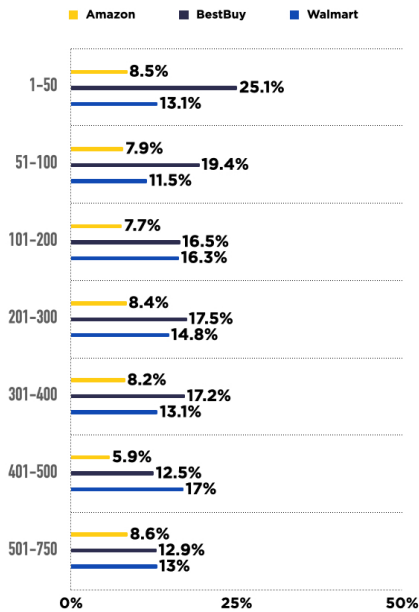
While Amazon and Target offered a comparable overall percentage of additional discounts in Women's Fashions, Amazon applied more discounts to the higher end of the premium spectrum and Target focused on the lower end.

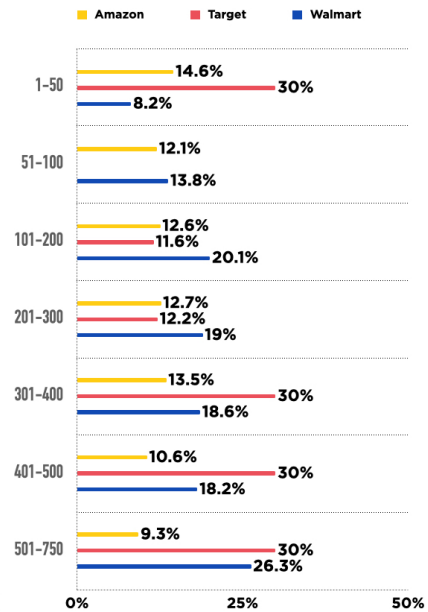## Additional discounts across visibility levels

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ADDITIONAL DISCOUNTS ACROSS VISIBILITY LEVELS

ADDITIONAL DISCOUNTS

ELECTRONICS

■ Amazon   ■ BestBuy   ■ Walmart

Visibility	Amazon	BestBuy	Walmart
1–50	8.5%	25.1%	13.1%
51–100	7.9%	19.4%	11.5%
101–200	7.7%	16.5%	16.3%
201–300	8.4%	17.5%	14.8%
301–400	8.2%	17.2%	13.1%
401–500	5.9%	12.5%	17%
501–750	8.6%	12.9%	13%

BEAUTY

■ Amazon   ■ Target   ■ Walmart

Visibility	Amazon	Target	Walmart
1–50	14.6%	30%	8.2%
51–100	12.1%		13.8%
101–200	12.6%	11.6%	20.1%
201–300	12.7%	12.2%	19%
301–400	13.5%	30%	18.6%
401–500	10.6%	30%	18.2%
501–750	9.3%	30%	26.3%

In Electronics, Amazon offered the lowest average additional discounts across all levels of visibility. Among the most visible electronics, Amazon and Best Buy gave the most visible electronics higher additional discounts to make those items more alluring to help consumers find the items fast and add them to their online baskets.

Among the Beauty category's most visible items, Amazon and Target offered their highest additional discounts. Yet Target was most aggressive in beauty, offering a 30% additional discount at the most visible end of the spectrum as well as at the least visible. This discount strategy shows Target wants to compete in Beauty, spreading its generosity beyond an exclusive focus on highly visible items.
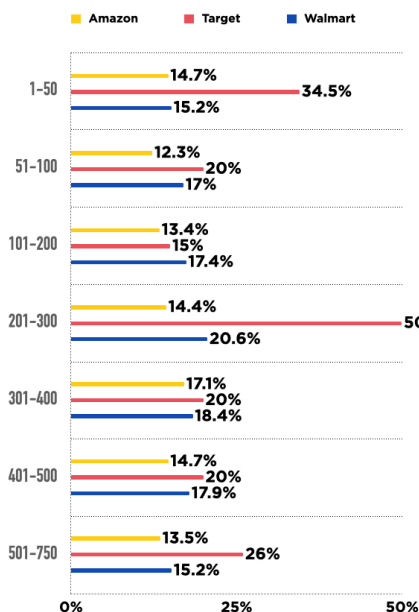
MEN'S FASHION — Amazon, Target, Walmart

Visibility	Amazon	Target	Walmart
1–50	14.7%	34.5%	15.2%
51–100	12.3%	20%	17%
101–200	13.4%	15%	17.4%
201–300	14.4%	50%	20.6%
301–400	17.1%	20%	18.4%
401–500	14.7%	20%	17.9%
501–750	13.5%	26%	15.2%

WOMEN'S FASHION — Amazon, Target, Walmart

Visibility	Amazon	Target	Walmart
1–50	18.7%	18.8%	30%
51–100	19.3%	20%	11.5%
101–200	15.1%	19.3%	19.1%
201–300	19%	15%	14.8%
301–400	13.3%		19.4%
401–500	15.3%		17.1%
501–750	12.8%		17.6%

amazon primeday 2019

ADDITIONAL DISCOUNTS ACROSS VISIBILITY LEVELS
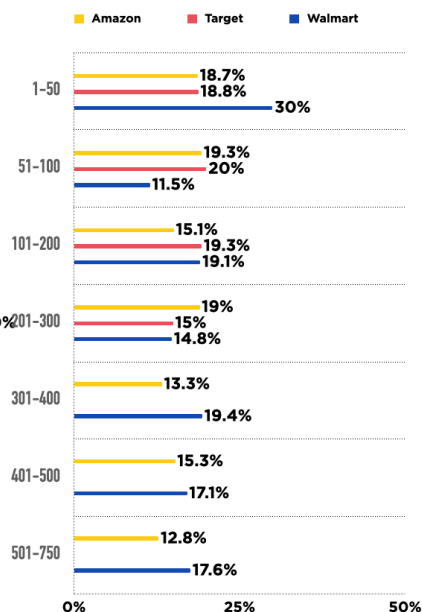
ADDITIONAL DISCOUNTS

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In Men's Fashion, Amazon consistently offered the lowest additional discounts at all visibility levels. Target was the most aggressive in this category, offering additional discounts of 50% at moderate levels of visibility and 34.5% among the most visible items. Amazon may feel confident that men already choose Amazon for their apparel needs.

In Women's Fashion, the retailers generally offered the most additional discounts for items at the higher end of the visibility spectrum. Walmart offered the most aggressive additional discounts among the most visible items in Women's Fashion to try to boost its market share in this category.

Overall, while Prime Day is an effective way for Amazon to boost brand engagement, its rivals overwhelmingly offer higher additional discounts in Electronics, Beauty and Fashion. How about other categories like the booming Home space? Watch **this space** for more insights!

- DataWeave Marketing

22nd Oct, 2020

AMAZON   E COMMERCE   RETAIL   STRATEGY