



Target and Walmart offered more appealing discounts than Amazon during Prime Day 2019.

Statista estimates that e-commerce fashion accounted for approximately 20.4% of overall fashion retail sales in the United States in 2018, which amounted to about \$103 billion in absolute terms. According to **Internet Retailer**, apparel is the largest and among the most competitive retail categories in e-commerce. Moreover, as a share of total apparel and accessories sales, online apparel sales is growing at a faster rate than US e-commerce as a whole.

Given the high-growth and competitive nature of the category, we at DataWeave were interested to find out how high the stakes got during the fifth annual Prime Day earlier this month.

Our Methodology

Since Prime Day is no longer necessarily an Amazon event (since competing websites often offer attractive discounts as well), we tracked the pricing of several leading retailers selling fashion apparel, footwear, and accessories to assess their pricing and product strategies during the sale event. Our analysis was focused on additional discounts offered during the sale to estimate the true value that the sale represented to its customers. We calculated this by comparing product prices on Prime Day versus the same prices prior to the sale.

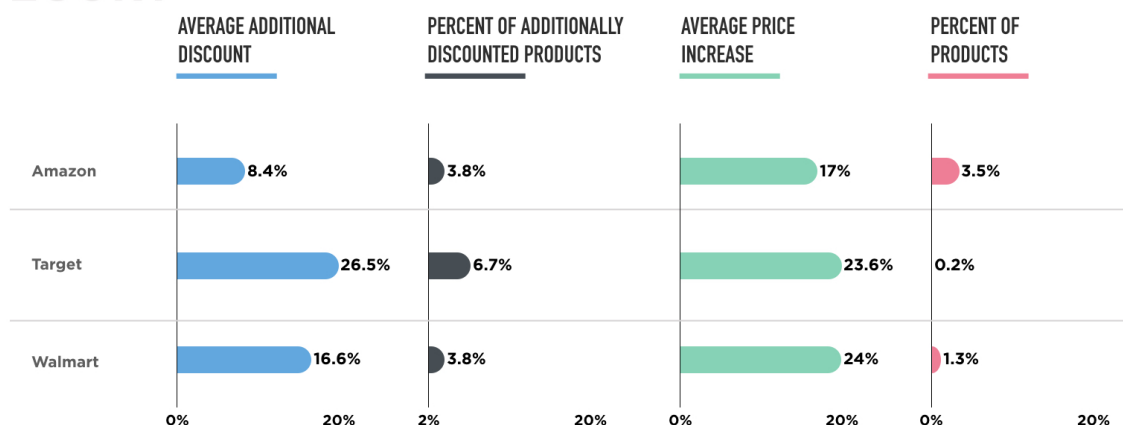
Our sample consisted of 20 product types across women's as well as men's fashion categories. While we did monitor exclusive fashion retailers Macy's, Bloomingdales, Nordstrom, and Neiman Marcus, we did not find them offering any additional discounts – an interesting insight all on its own since they've clearly chosen not to compete with Amazon during the two days of the Prime Day sale. We therefore restricted the rest of our study to Amazon, Target, and Walmart – the latter two of which interestingly offered immensely aggressive discounts in their apparel categories.

The Verdict

amazon
primeday 2019

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FASHION
CATEGORY

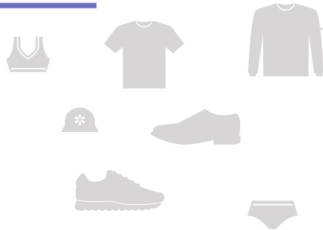


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Despite owning the day at least in name, Amazon was found to offer the lowest additional discounts among the retailers studied. Target and Walmart, on the other hand, ensured that they didn't lose out on market share this Prime Day by offering substantially high discounts of their own. While Target was the most aggressive with a steep average markdown of 26.5%, Amazon closed out the bottom at 8.4%.

Walmart and Target didn't seem particularly focused on compensating their sharp discounts with price increases in other products – their focus seems to have been solely only on offering timely discounts during the sale. Amazon, on the other hand, marked up just about as many products as it marked down, with the markup margin being close to double that of the markdown in an effort to protect margins during the sale.

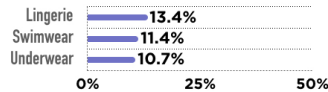
Top product types by additional discount

amazon
primeday 2019TOP PRODUCT
TYPES BY
ADDITIONAL
DISCOUNTAVERAGE ADDITIONAL
DISCOUNTPERCENT OF ADDITIONALLY
DISCOUNTED PRODUCTS

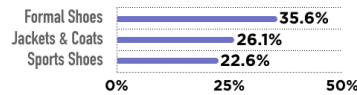
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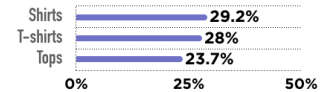
AMAZON



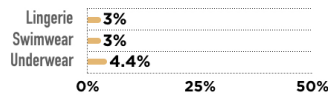
WALMART



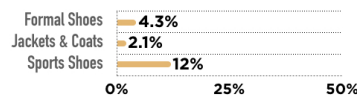
TARGET



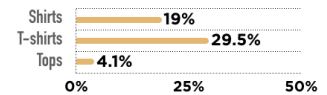
AMAZON



WALMART



TARGET



Target and Walmart both offered aggressive discounts across their top product categories. While Walmart ended up with a marginally higher overall average additional discounts on product types like Shirts, T-shirts, and Tops.

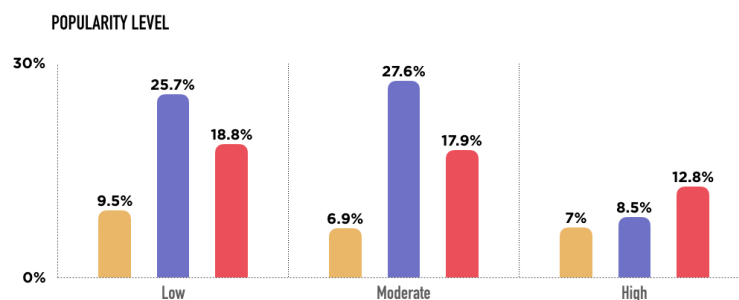
Interestingly, though Amazon offered moderate discounts across its top categories, the volume of marked down products was very limited.

Additional discounts across popularity levels

We determined popularity using a combination of average review rating and number of reviews, and the resulting scores were categorized as low, moderate, and high.

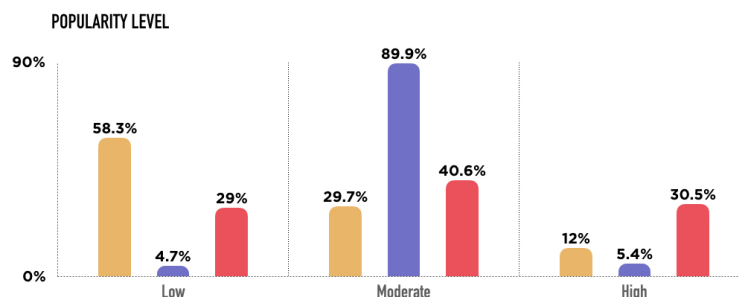
ADDITIONAL DISCOUNTS ACROSS POPULARITY LEVELS

ADDITIONAL DISCOUNTS



PERCENTAGE DISTRIBUTION OF PRODUCTS

Amazon Target
Walmart



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When it came to discounting popular products, there were clear differences in strategy among all the three retailers. Amazon, which interestingly had close to 60% of its products in the low popularity bucket, chose to offer the highest discounts in the same category – indicating an effort to clear its stock of unpopular products. Target and Walmart, on the other hand, focused their discounts on moderate rated products.

Additional discounts across product “premiumness” levels

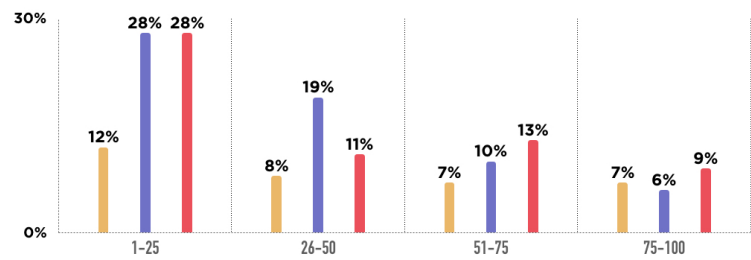
Premiumness was calculated as the average selling price before the sale event. This was divided into four percentile blocks, with higher percentile blocks indicating higher selling prices.

amazon
primeday 2019

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ADDITIONAL DISCOUNTS ACROSS LEVELS OF PRODUCT “PREMIUMNESS”

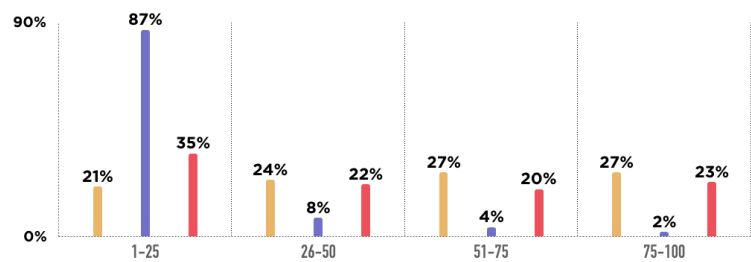
ADDITIONAL DISCOUNTS



DISTRIBUTION OF ADDITIONALLY DISCOUNTED PRODUCTS

Amazon Target Walmart

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As found in the electronics and furniture categories that were analyzed previously, most of the discounting activity was focused on the lower end of the premium spectrum with a view to protect margin – despite a largely equitable distribution of discounted products across percentile ranges (with the exception of Target, which had a discounted assortment heavily dominated by its least premium products).

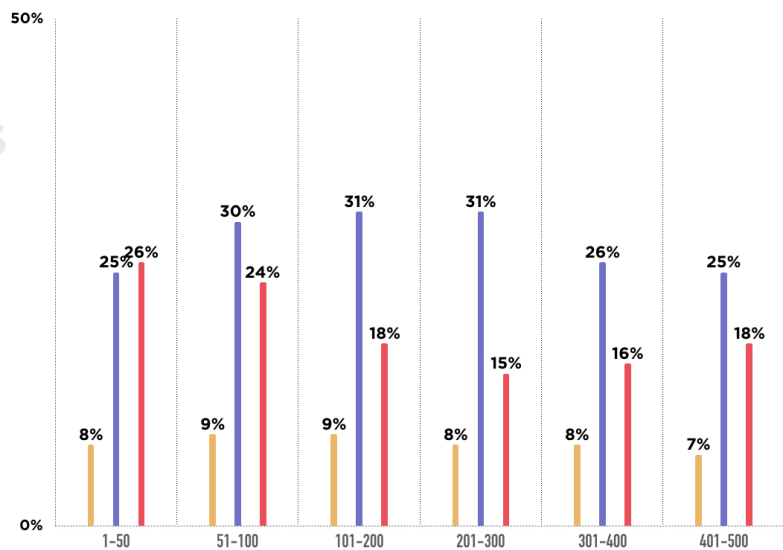
This indicates a clear strategy to protect margins, while still maintaining the perception of promoting attractive offers to draw traffic. Target and Walmart both offered substantial additional discounts of close to 30% on their least premium products, while at 12%, Amazon offered less than half that discount.

Additional discounts across visibility levels

ADDITIONAL DISCOUNTS ACROSS VISIBILITY LEVELS

ADDITIONAL DISCOUNTS

Amazon Target Walmart



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Given the fairly large number of SKUs across the fashion category in general, the discounts across visibility levels understandably didn't vary much when compared to the more pronounced fluctuations observed in the electronics and furniture categories. This is also largely because consumers tend to explore lower ranked products more so in the fashion category than in other categories.

Across product categories, we're seeing lower-than-expected additional discounts on Amazon this Prime Day, coupled with more aggressive pricing activity by Amazon's competitors. While this puts more pressure on Amazon, this also is a strong validation of Prime Day as a key annual sale event on the US shopper's calendar.

Curious to know how Amazon and its competitors performed in other product categories this Prime Day? Watch this space for more!

- **DataWeave Marketing**

29th Jul, 2019

AMAZON

E COMMERCE

PRICING

RETAIL

STRATEGY