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A Warning Sign for Amazon?

Survey signals that some young shoppers may not see it as a price leader

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Amazon, king of online retail, won its crown in part through aggressive pricing. But a recent survey suggests that some young shoppers may not see it as the price leader anymore.

In a survey by Gordon Haskett Research Advisors, consumers were asked if price was the reason that deterred them from buying on Amazon. Among the roughly one-quarter of consumers who said that price was a deterrent, about 60% were in the 18- to 34-year-old age group.

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In total, the survey found that about 46% of these younger shoppers said they avoid buying on Amazon because of price, compared to 24% among the 35- to 54-year-old group and 10% among those 55 and older.

That's in contrast to other past surveys that show that price was the top reason why a majority of consumers, including millennials, shop on Amazon. The power of Amazon's pricing can be seen in data from a March survey of US internet users by Yes Lifecycle Marketing. Even among the youngest shoppers, more than 70% said price was a reason to shop at the online retail giant.

Reasons that US Internet Users Purchase Products on Amazon, by Age, March 2017
% of respondents

	18-21	22-37	38-52	53-71	Total
Price	71%	76%	78%	77%	74%
Convenience	53%	49%	63%	70%	60%
Prime benefits	53%	55%	49%	47%	51%
Fast shipping	42%	46%	45%	37%	42%
Selection	29%	32%	42%	59%	42%
Reliability	25%	22%	28%	34%	31%
Easy returns	22%	22%	28%	18%	21%
Reviews	23%	18%	17%	21%	20%

Source: Yes Lifecycle Marketing, "A Marketer's Guide to Reaching Each Consumer Generation," June 14, 2017

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The Gordon Haskett study, on the other hand, detects an attitude shift. "Younger cohort of respondents appear to be shying away from [Amazon] due to the online retailer's prices being too high," Gordon Haskett analyst Chuck Grom said in the study, released Thursday. "This is interesting in our view, as the younger generation more than any other appears to be able to find better deals despite [Amazon's] perceived low-price offerings."

Gordon Haskett has been polling over 500 households each month since March. Generally the households are not the same from month to month.

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The study is a relatively small sample and doesn't have more details on what product categories consumers have in mind when they think about price or where the younger shoppers might be finding better deals. But the survey results may signal a shift in consumer perception of Amazon, which has turned some of its focus recently to higher-end categories such as designer fashion.

Still, Amazon remains the undisputed champ of digital retail. The Gordon Haskett survey showed that Amazon had by far the highest ecommerce traffic of all retailers over the past seven months. An average of 68.5% of monthly shoppers surveyed from March through September said they have bought from Amazon in the past 30 days, compared to 33.3% who

cited Walmart.com; 29.4% who mentioned eBay; 21.5% Target.com, and 9.3% who referenced Walmart-owned Jet.com.

Separately, a Consumer Intelligence Research Partners study released Wednesday said US Amazon Prime members have jumped 38% the past 12 months to 90 million members in September, representing 63% of Amazon's total US customers. What's more, the study found Prime members spend on average about $1,300 a year, almost double the $700 non-Prime shoppers spend on Amazon.

As to those coveted millennial shoppers? It seems like Amazon still reigns supreme. When asked which websites they plan to visit for their online holiday shopping, 86% to 88% of 21-to-39-year-olds mentioned Amazon, compared to about half who cited Walmart.com in second place, according to a recent Market Track survey. But when it comes to the question of where they plan to spend the majority of their online holiday budget, about two thirds of those in the 21-39-year-old age group gave the crown title to Amazon, compared to 15% and below who referenced Walmart.

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