

Despite Amazon dominance of the retail market, 82% of consumers still prefer to shop in stores

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance

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According to a survey of consumers by KIS Finance, given the choice of only shopping online or on the highstreet, 82% of respondents confirmed that they would opt to shop in stores.

Despite the massive increase in on-line sales during the pandemic, which rose by 73% in the period between February and May last year, people still clearly value the opportunity to shop in person.

Of course a number of big highstreet names have fallen victim to this change in shopping habits, which have clearly be exacerbated by the pandemic and subsequent lockdowns. However consumers don't appear to be ready to lose the personal shopping experience just yet.

A new CEO for Amazon but is a change to their aggressive approach likely?

Jeff Bezos may be stepping down as CEO of Amazon, but there is little sign that the on-line giant will be changing its current approach to dominating the retail landscape. His decision to move to the role of Executive Chairman, has been announced in order to give him the "time and energy" to pursue other interests.

However his decision to appoint Andy Jassy as his successor, who has been with Amazon since 1997 and is the current head of their highly profitable cloud computing business arm, means there is no reason to expect any changes to Amazon's cut throat approach.

Amazon continue to ruthlessly dominate the market

The impact of the pandemic has seen Amazon's sales in 2020 sore by 38% from the previous year with profits almost doubling to \$21.3 billion.

Underpinning this success has been Bezos' ruthless ability to undercut prices of both physical retailers and other on-line outlets. By controlling costs at every stage, including workers' terms and conditions and their company tax liabilities, Amazon has seen unprecedented growth that has contributed to the demise of many traditional retailers. This was clearly demonstrated last year in the UK, where their revenues increased by 35%, but their tax bill only rose by 3%.

With a clear mission to enter and disrupt new markets, Amazon have been able to dominate different

sectors, pushing out smaller retailers. Rather than be market leaders they have mastered the art of being second to market. This has allowed them to copy other's ideas and then create a competitive advantage by utilising Amazon's vast infrastructure and financial strength to ruthlessly undercut current providers.

Even Amazon's own sellers are not immune to being undercut!

When it comes to controlling a market, Amazon have even been known to undercut sellers on their own platform in order to get the sale. In the USA questions have been raised in Congress with Bezos over his use of 3rd part data in the design and development of Amazon's own product ranges, amidst concerns over Amazon's level of market dominance.

Retail staff downgraded to warehouse workers

In the UK, the retail sector has lost an estimated 176,718 jobs in 2020, according to the Centre for Retail Research. Despite the growth in on-line shopping the number of new jobs created will be significantly less, with Amazon expecting to only create around 7000 new jobs in the UK.

Whilst many may have enjoyed a career in physical retail outlets, the prospect of working in a warehouse is unlikely to be as appealing.

Concerns over Amazon's treatment of its staff have been widespread, with Amnesty International making a statement last year in support of workers who felt the company was not taking their safety seriously during the pandemic.

Amnesty International were highly critical of Amazon's treatment of its employees, stating that "Amazon warehouse and delivery workers are risking their lives in the midst of a pandemic to deliver essential goods to all of us. Amazon is one of the world's wealthiest companies and its profits are surging as a result of this crisis. It is repugnant that the company's workforce feel their safety is not being taken seriously. Jeff Bezos needs to step up and address the legitimate and vital concerns raised by Amazon staff - profits should never be put above people."

What does the future look like for Amazon without Jeff Bezos in charge?

Given their power over the retail sector, it's not expected that the change in leadership at Amazon will alter their dominant position.

Public Citizen, a US based consumer rights activist group, went so far as to say "do not be fooled by Amazon. Jeff Bezos is still in a position of immense power as executive chair. This abusive, predatory monopoly still needs a complete overhaul."

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Full article:

<https://www.kisbridgingloans.co.uk/finance-news/despite-amazon-dominance-of-the-retail-market-82-percent-of-consumers-st>

Contact:

Sue Andrews

sue@kisfinance.co.uk

01884 820110