



GENERAL MERCHANDISE REPORT

Best Buy vs. Amazon

JULY 2021



The Showdown

In this report, we compare Amazon and Best Buy with one another, in terms of:

1. How they influence shoppers (through their advertising, competitive pricing and promotions)
2. How their shoppers behave– in particular, the shoppers they've lost to their respective competitor.

We also surveyed recently lapsed shoppers to better understand their shopping habits and how each retailer can potentially win back those shoppers.



What's Included

- **Numerator Insights Data**

Consumer electronics purchase data from verified Amazon and Best Buy shoppers over a 12-month period ending May 2021.

- **Shopper Survey**

Numerator custom survey of 1,040 lapsed Best Buy and Amazon consumer electronics shoppers, fielded June 10, 2021.

- **Numerator Ad Intel Data**

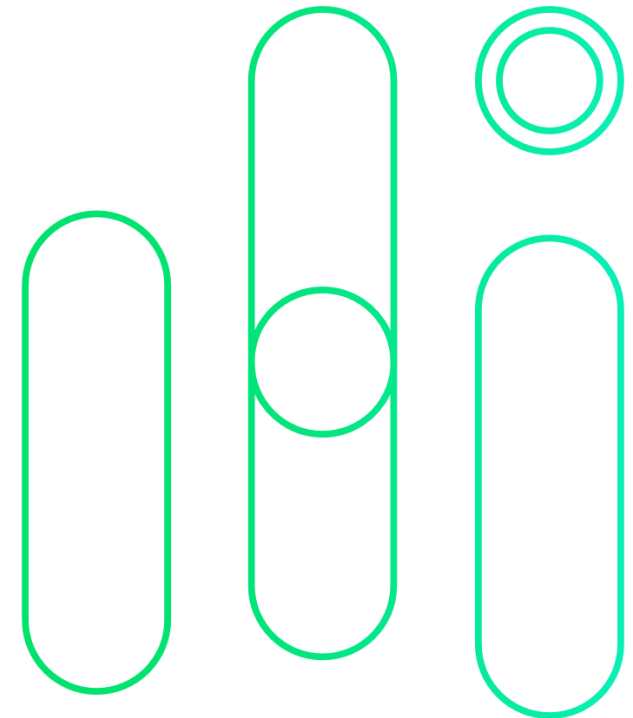
Amazon and Best Buy media spend data for all ads running 06/01/2020 - 05/31/2021 (Last 12 months) and 06/01/2019 - 05/31/2020 (Prior 12 months). Media types: TV, Print, Radio, Online Display, Online Video, Mobile. Markets: All markets monitored by Numerator for National and Local Media.

- **Numerator Pricing Data**

Pricing from selected categories collected for both Amazon & Best Buy, from March 1-May 31, 2021.

- **Numerator Promotions Data**

Amazon and Best Buy web promotions over two 52-week periods ending 05/16/21.





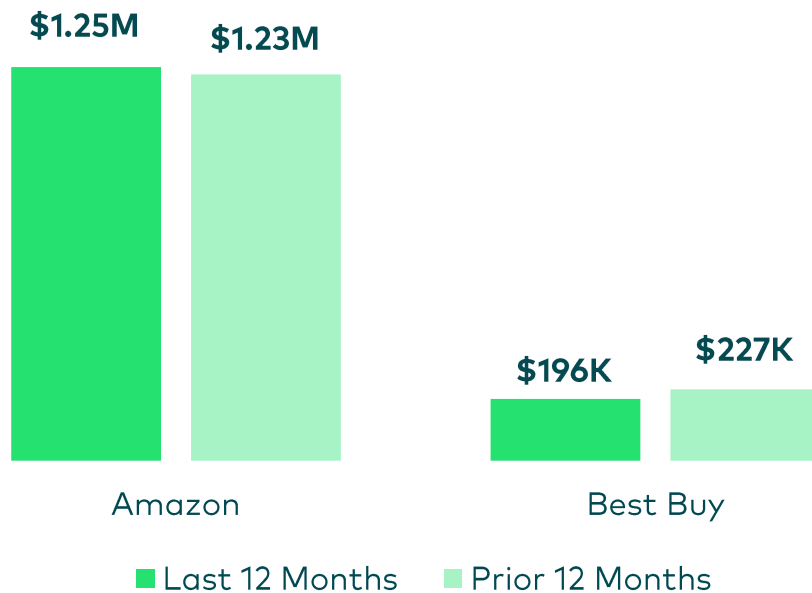
Advertising

Amazon invests in media much more heavily overall, with ad spend* 6X that of Best Buy

In the last 12 Months, Best Buy has spent most of their ad dollars on digital media, while Amazon still focuses a large part of their budget on TV ads.

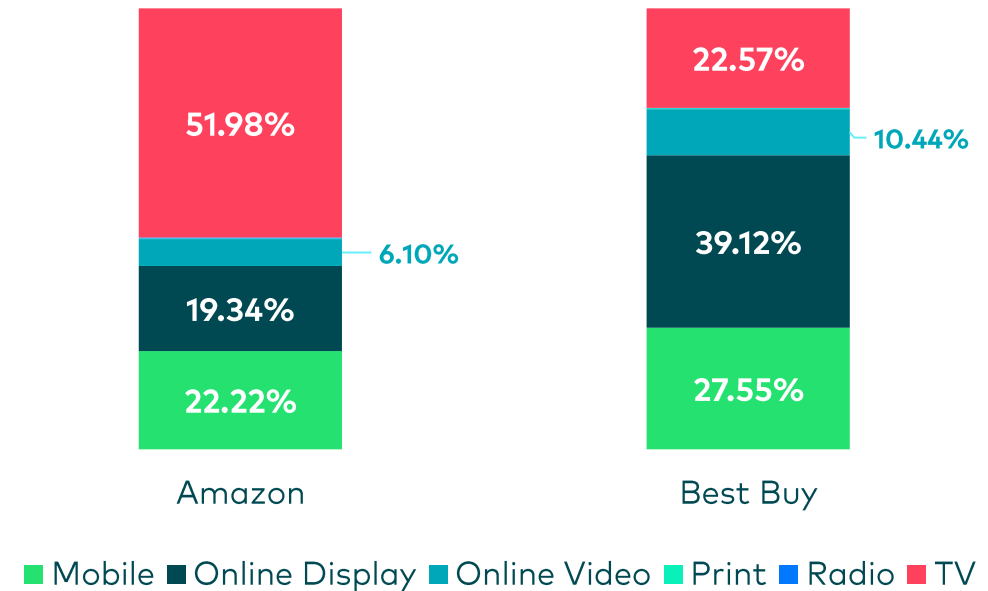
Total Ad Spend

Last 12 months vs prior 12 months



Spend by Media Type

Last 12 months only (data label not shown if <1%)



Source: Numerator Ad Intel; 06/01/2020 - 05/31/2021 vs. 06/01/2019 - 05/31/2020

*Amazon retail focused spending only. Excludes Amazon Prime Video, Amazon Web Services, Amazon Studios, and non-Amazon branded subsidiaries such as Whole Foods, Audible.com, Ring, and Pillpack

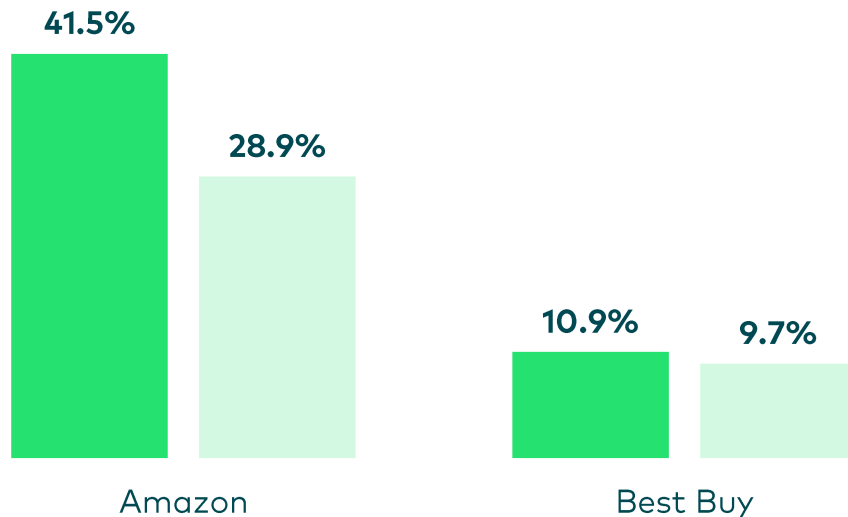
However, Best Buy remains competitive by keeping its advertising focused on CE categories and has an opportunity to maintain and increase share of media spend with this strategy

Best Buy spends most of their ad dollars showcasing their core consumer electronics (CE) product set, while Amazon focuses their ad budget primarily on brand image messaging.

Brand Image Ads¹

By share of total retailer ad spend

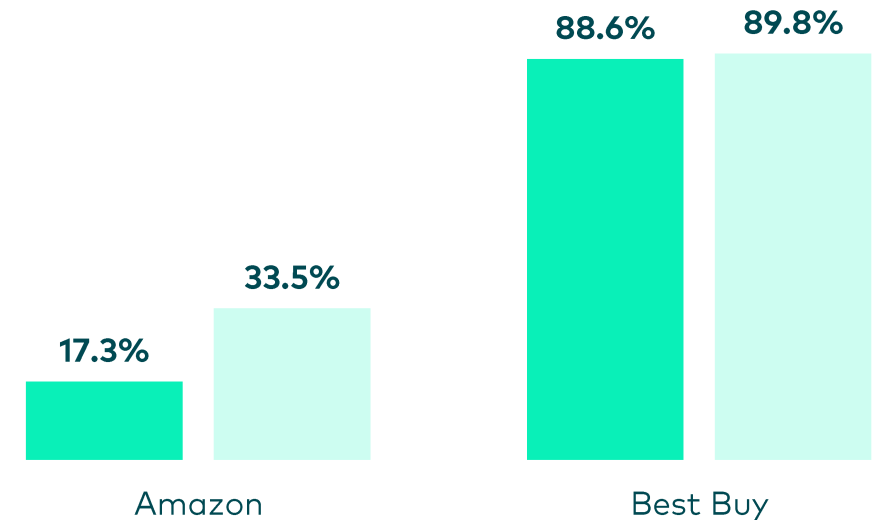
■ Last 12 Months ■ Prior 12 Months



Consumer Electronics Product Ads²

By share of total retailer ad spend

■ Last 12 Months ■ Prior 12 Months



Source: Numerator Ad Intel; 06/01/2020 - 05/31/2021 vs. 06/01/2019 - 05/31/2020

[1] Brand Image Ads = Advertising that does not feature a specific product, focused primarily on building brand.

[2] Consumer Electronics Product Ads = Advertising featuring CE specific products or multiple products including at least one CE product.

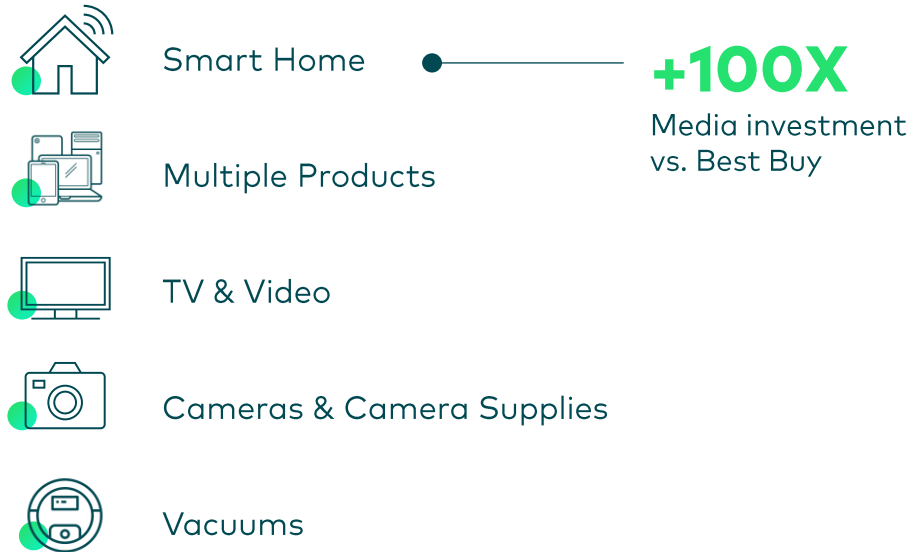
Best Buy is winning their core CE categories, like TV & Video and Computers & Accessories

However, more focus needs to shift to Smart Home as Amazon is leading here with over 100X media investment vs Best Buy.

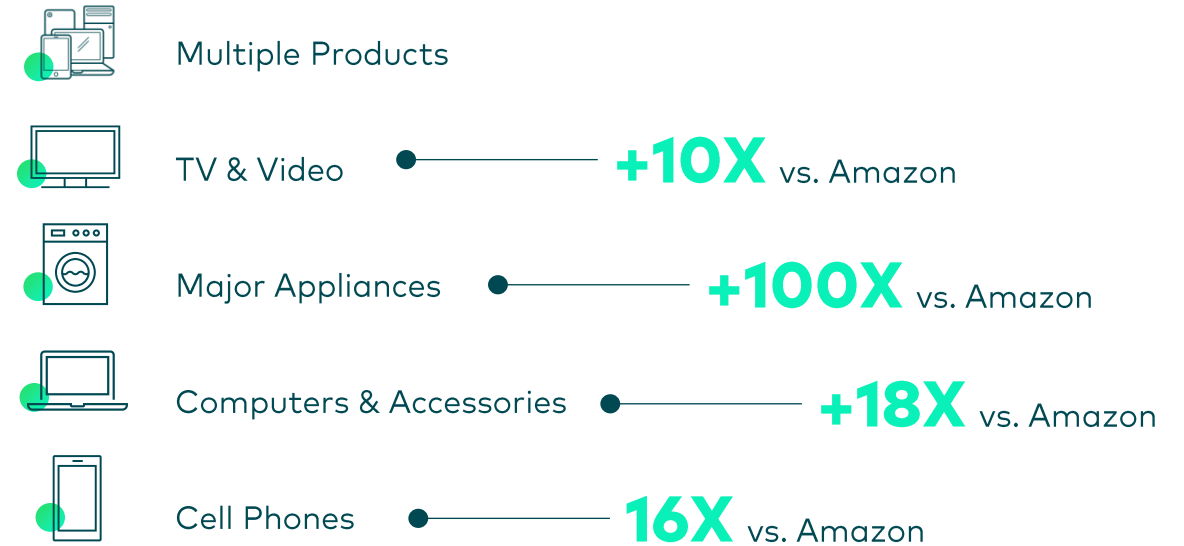
Top Categories Featured in CE Ads

By total retailer ad spend

Amazon



Best Buy



Source: Numerator Ad Intel; 06/01/2020 - 05/31/2021 vs. 06/01/2019 - 05/31/2020
Consumer Electronics Product Ads = Advertising featuring CE specific products or multiple products including at least one CE product.



Pricing & Promotions

Despite Best Buy's price match policy, Amazon maintains everyday price leadership in many categories











In general, Best Buy aims to be priced the same (or within a few cents) of Amazon.



Best Buy/Amazon Pricing Analysis

% of matched assortment where Best Buy is priced lower (win), even (tie) or higher (loss) than Amazon

Categories where Best Buy wins*
*tie is considered a win

CATEGORY	WIN	TIE	LOSS	*AVG CPI
 Computing Accessories	14%	2%	85%	87.22
 Home Furniture	6%	6%	77%	81.1
 Compact Refrigeration	8%	8%	70%	96.18
 MHT Mounts	5%	5%	70%	94.75
 Batteries	4%	4%	80%	86.02
 Hard Drive	4%	60%	36%	94.15
 Baby Monitor/Care	2%	82%	16%	99.83
 Fitness Equipment	13%	50%	37%	100
 Ink & Paper	3%	73%	24%	99.73
 Lenses	2%	88%	10%	99.59

In the past 12 months, Amazon has cut back on promotions in categories where it beats Best Buy on Everyday Price– except Computer Accessories










Within Computer Accessories, store/unbranded items led in % of promo share (21%) on Amazon– however branded players are increasing.



YOY Change in Share of Promotions

Latest 52 weeks ending 05/16/21 vs. YAGO

% in green = retailer wins in YOY change in ad blocks

CATEGORY	AMAZON	BEST BUY
 Printer Cartridges	0.8%	-0.2%
 Digital Camera Accessories	5.4%	1.0%
 Baby Monitors	-0.2%	1.5%
 Hard Drives	-0.5%	1.7%
 Exercise Equipment	5.9%	3.0%
 Audio/Video Accessories	-14.6%	-6.5%
 Computer Accessories	4.4%	-1.5%
 Home Furniture	-1.2%	0.3%
 Compact Refrigeration	0.1%	0.8%

For these categories in aggregate, both Amazon & Best Buy have ramped up the number of Deal Page ad blocks vs. year prior

Amazon continued to focus on other tactics– showing the most significant increases in Department Page & Daily Deal Home Page ads, while Best Buy declined in all tactics except for Holiday Shop ads.



YOY Change in Ad Blocks by Type

Latest 52 weeks ending 05/16/21 vs. YAGO

% in green = retailer wins YOY change in promo count

CATEGORY	AMAZON	BEST BUY
Deal Page	10,100	9,614
Department Page	2,793	-86
Home Page	141	-324
Daily Deal (Home Page)	2,307	-26
Coupon Page and/or Holiday Shop	707	407







Shopper Metrics

Best Buy has a lower household penetration, and has more shoppers who are also buying electronics at Amazon

Though Best Buy shoppers make fewer purchases overall, they are spending more on electronics items.

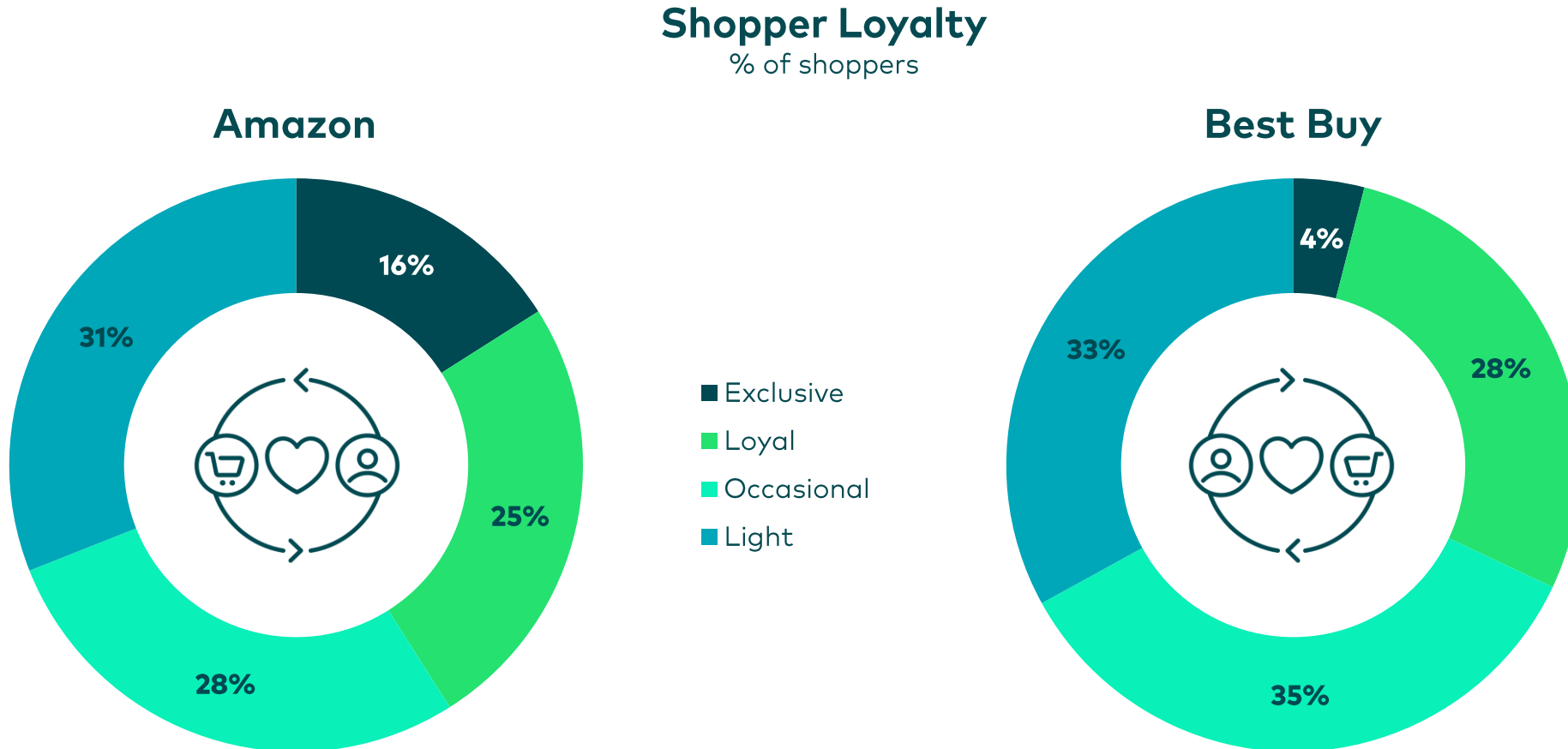
Key Shopper Metrics

12-month period ending May 2021

	AMAZON	BEST BUY
 Household Penetration	65%	35%
 Average Buy Rate	\$337.18	\$438.49
 Purchase Frequency	7.7	2.1
 % Shoppers Buying at Competitor	38%	71%

How loyal are each retailer's electronics shoppers?

Amazon has the highest share of "exclusive" shoppers– shoppers who only purchase electronics on Amazon.



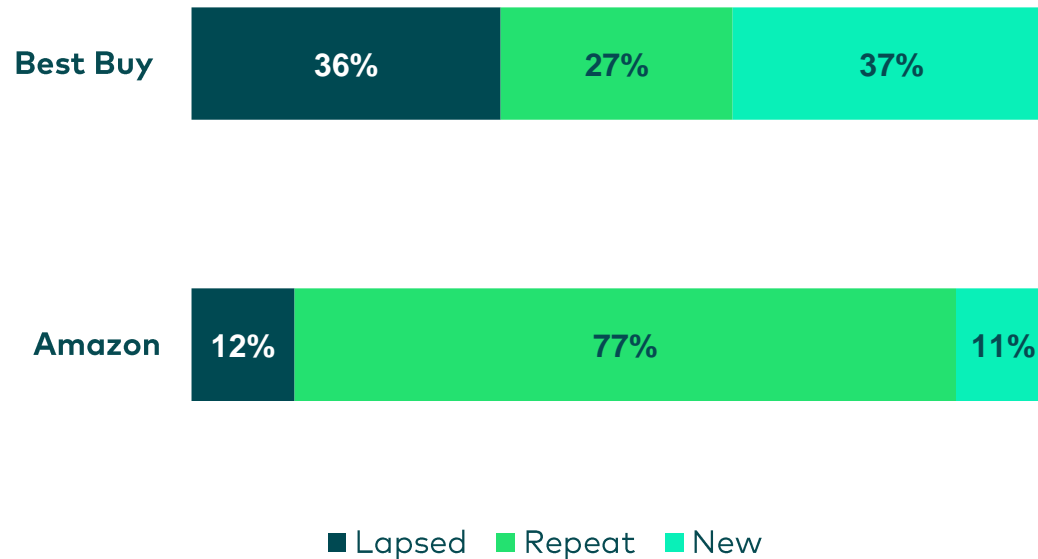
Source: Numerator Insights.
Amazon Electronics Shopper 155,484, Best Buy Electronics Shopper 84,760, 12 Month Period Ending May 2021

Are they gaining or losing shoppers?

While Best Buy loses more shoppers overall, they also gain more new shoppers. Amazon's shoppers are mostly repeat shoppers—which is intuitive, given the effectiveness of their Prime program.

Share of Lapsed, Repeat & New Shoppers

Percent of Electronics shoppers over two 52-week periods



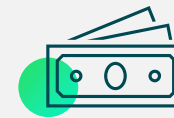
Source: Numerator Insights

*Amazon (AMZ) lapsed shopper = bought at AMZ May2019-Apr2020 but did not buy at AMZ May2020-Apr2021

**Best Buy (BBY) lapsed shopper = bought at BBY May2019-Apr2020 but did not buy at BBY May2020-Apr2021

Meet the Lapsed Shoppers

Amazon lapsed shoppers* are more likely to be...



LOW INCOME
Index **126**



HARDCORE GAMERS
Index **143**



GEN Z
Index **160**

Best Buy lapsed shoppers** are more likely to be...



HIGH INCOME
Index **121**



SMART TV OWNER
Index **128**



GEN X
Index **108**

Best Buy and Amazon are competitive across many of the top categories purchased by lapsed shoppers at their respective competitor

When lapsed Amazon shoppers purchase at Best Buy, they more commonly buy devices (that they may want to see in person before purchasing). On the flip side, Best Buy lapsed shoppers head to Amazon to buy accessories.

Top Categories Retailer's Lapsed Shoppers are Purchasing at Their Competitor

Categories in green = retailer has competitive edge

Amazon



Amazon wins with computer and mobile **accessories**

Cell Phone Accessories

Mobile Cables, Chargers, & Power

Headphones

Wearable Technology Accessories

Computer Accessories

Tablet Accessories

Hard Drives & Memory

Printers, Scanners & Supplies

Video Game Accessories

Mobile Grips, Mounts, & Stands

Best Buy



Best Buy has the edge when it comes to **devices**

Televisions

Mobile Cables, Chargers, & Power

Headphones

Cell Phone Accessories

Laptop Computers

Video Games

Video Game Accessories

Hard Drives & Memory

Printers, Scanners & Supplies

Streaming Media Players

Source: Numerator Insights

*Amazon (AMZ) lapsed shopper = bought at AMZ May2019-Apr2020 but did not buy at AMZ May2020-Apr2021

**Best Buy (BBY) lapsed shopper = bought at BBY May2019-Apr2020 but did not buy at BBY May2020-Apr2021



Shopper Survey

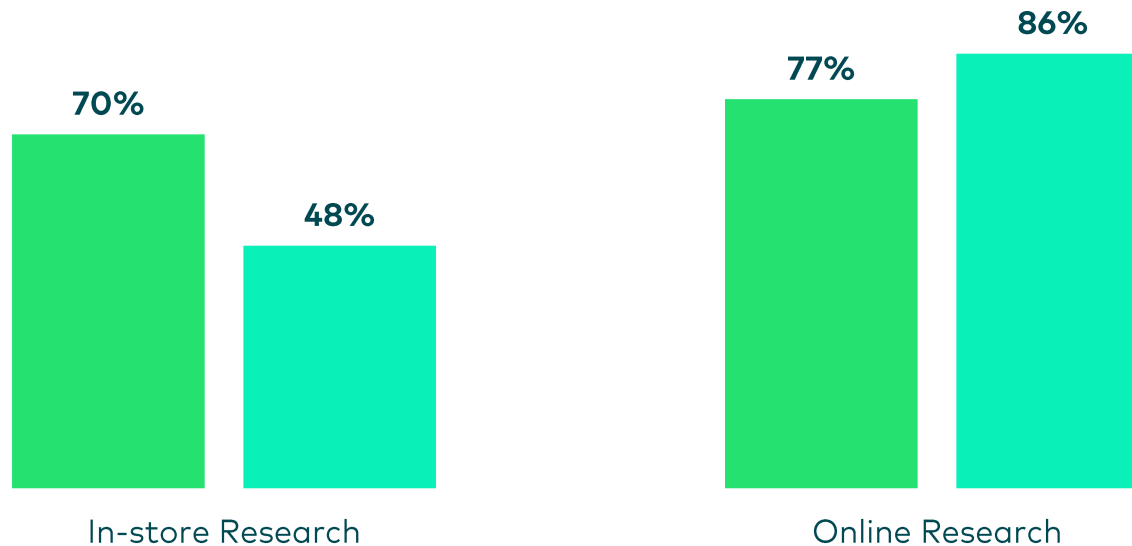
While most shoppers are doing online research, many still want to see the product in-person

Three-fourths of Best Buy shoppers are doing online research, highlighting their risk for losing even more shoppers to online retailers. However, almost half of Amazon buyers did some in-store research, suggesting the desire to see products in-person still exists.

Research Prior to Last Electronics Purchase

Best Buy shoppers vs. Amazon shoppers

■ Best Buy Shoppers ■ Amazon Shoppers



53%

of verified **Best Buy buyers have showroomed at Best Buy**— revealing the magnitude of the issue even among their own shoppers. **61%** of Amazon buyers have done the same.



Computers & Tablets, Cell Phones, and TV/Home Theater are the categories most likely to be showroomed.

Source: Numerator Custom Survey; 06/10/21, n=1040

Q: How much in-store and/or online research did you do prior to your purchase?

Q: Have you ever visited a Best Buy store to look at a product and then ended up purchasing the product online later, from a different retailer?

Shoppers are showing a greater willingness to conduct in-store research as they think about future electronics purchases

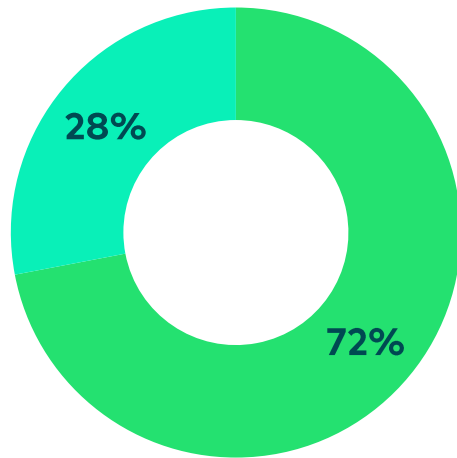
Best Buy has an opportunity to capture more of the 66% of Amazon shoppers conducting in-person research while those shoppers are in the store.

Future Electronics Purchase Expectations

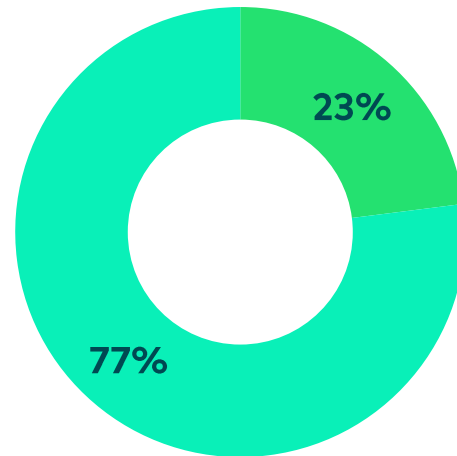
% shoppers who will shop online vs. in-store

■ Online ■ In-store

Amazon



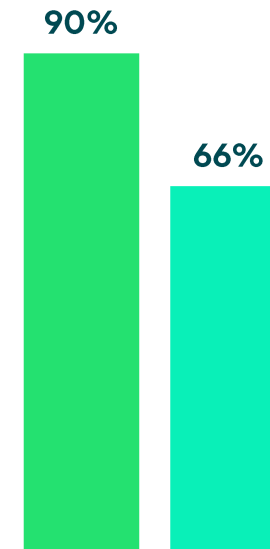
Best Buy



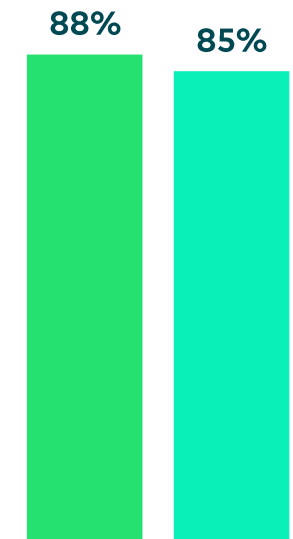
Future Product Research Expectations

% shoppers who will conduct research online vs. in-store

■ Online ■ In-store



Amazon



Best Buy

Source: Numerator Custom Survey; 06/10/21, n=1040

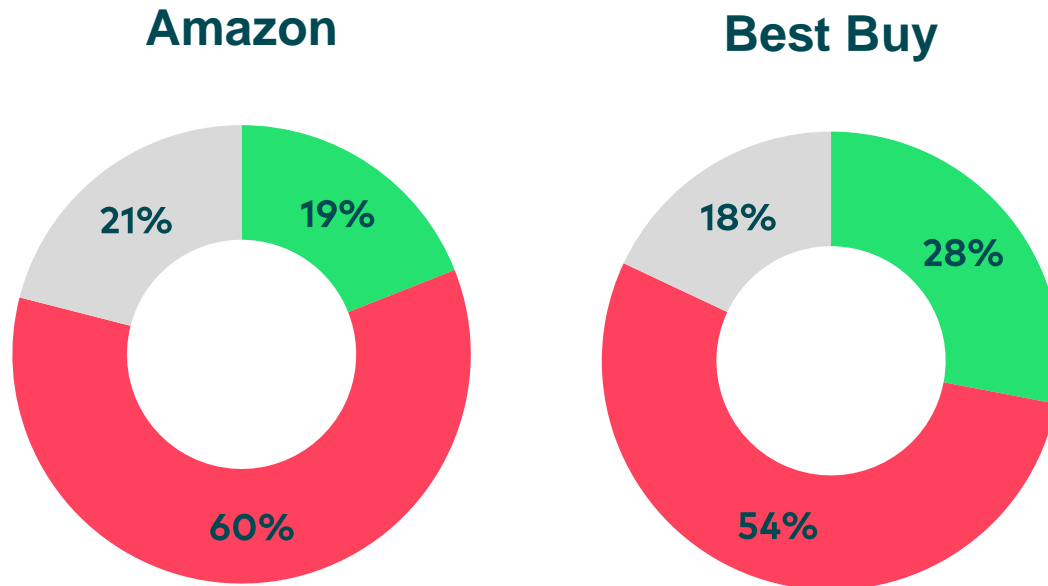
Q: Thinking about your next purchase, Please select how much in-store and/or online research you think you would do and where do you think you would buy?

Promotions appear to be more of a driver for Best Buy purchases than they are for Amazon purchases

75% of Best Buy shoppers who made their purchase on promotion indicated that the offer was a very important factor in their decision to make their purchase from Best Buy.

% of Shoppers who Purchased on Promotion

■ Yes ■ No ■ Not Sure



Despite being price conscious, **close to a third (28%)** of Best Buy shoppers are unaware of their Price Match policy.

Another **41%** are aware but have never used it.

Source: Numerator Custom Survey; 06/10/21, n=1040

Q: Was there a promotion when you made your purchase? | Q: How important was the promotional offer in your decision to purchase at Best Buy?

Q: Have you ever used Best Buy's price match policy?

Summary

Amazon tends to focus ads and promotions on brand image and their own branded products, while Best Buy is focused primarily on their core consumer electronics categories.

When Amazon shoppers make purchases at Best Buy, they more commonly buy devices—items that they may want to see in person before purchasing. On the flip side, Best Buy's lapsed shoppers head to Amazon to buy accessories.

Best Buy has a real opportunity to convert the 66% of Amazon shoppers who say they'll conduct in-store research for future electronics purchases.

One way they can do this is by ensuring in-store shoppers are aware of their price-match program, so they know the item isn't cheaper online.

There's more to know.

Additional questions we can help answer...

BRANDS

- Are my brand or category shoppers leaking from Best Buy to Amazon, or vice versa?
- How frequently are my products being promoted compared to my competitors, and what is private label's share of voice for my category?

RETAILERS

- What are the promotional characteristics that drive sales with lapsed shoppers?
- What factors are driving leakage? How do product assortment, perceived convenience, and other factors influence shopper behavior?

AGENCIES

- What media are Best Buy and Amazon leveraging most, and does their messaging differ by media type?
- What are the media consumption habits of lapsed Best Buy shoppers vs. lapsed Amazon shoppers so I can target them more effectively?







Reach out for custom insights today!
hello@numerator.com

Know More. **Grow More.**

Modern market intelligence for more growth.

Like modern technology, the consumer electronics space is complex and continually changing. To keep pace, brands, retailers and agencies need an innovative partner that can help them know more— from path to purchase, and beyond.

Numerator can help.

-  **Numerator Insights**
Gain insight into what electronics consumers buy, where they shop, how much they spend, and more.
-  **Numerator Survey**
Gather qualitative insights from verified brand or category buyers to connect the dots between the buy and why.
-  **Numerator Ad Intel**
Make impactful decisions with a single source for monitoring ad spend & creative across traditional & emerging media channel.
-  **Numerator Promotions Intel**
Quickly and effectively adjust promotional strategy to better meet shopper needs in a market that is changing by the hour.
-  **Numerator Pricing Intel**
Get hourly price and stock-supply updates with more granular detail, so you can respond to market shifts as they happen.

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