Prime Day 2020: Home categories fuel retail rivalry & desirable discounts

27th Oct, 2020

imeday

BY DATAWEAVE

According to our preliminary analysis of Prime Day 2020, Amazon's rivals offered more generous discounts within Home categories to stay competitive as more consumers invest in their homes this year.

This year the COVID-19 pandemic has transformed consumers into homebodies who increasingly *work, learn and shop from home.* This year also marks the first time Prime Day took place in the Fall, jumpstarting 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 four popular Home categories: Bed & Bath, Furniture, Kitchen and Pet Care.

Our Methodology

We tracked the pricing of several leading retailers (Home Depot, Target, Walmart and Amazon) selling the Home categories of Bed & Bath, Furniture, Kitchen and Pet Care 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 16 popular product types for the home.
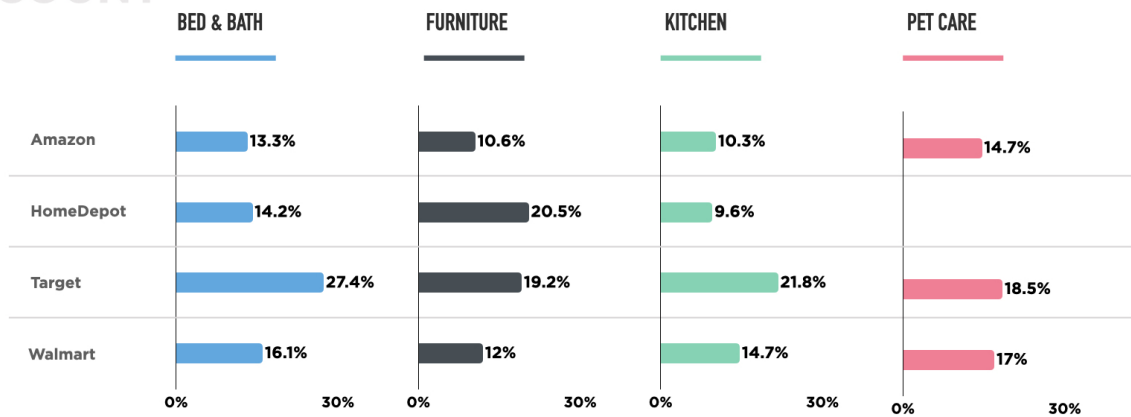
The Verdict

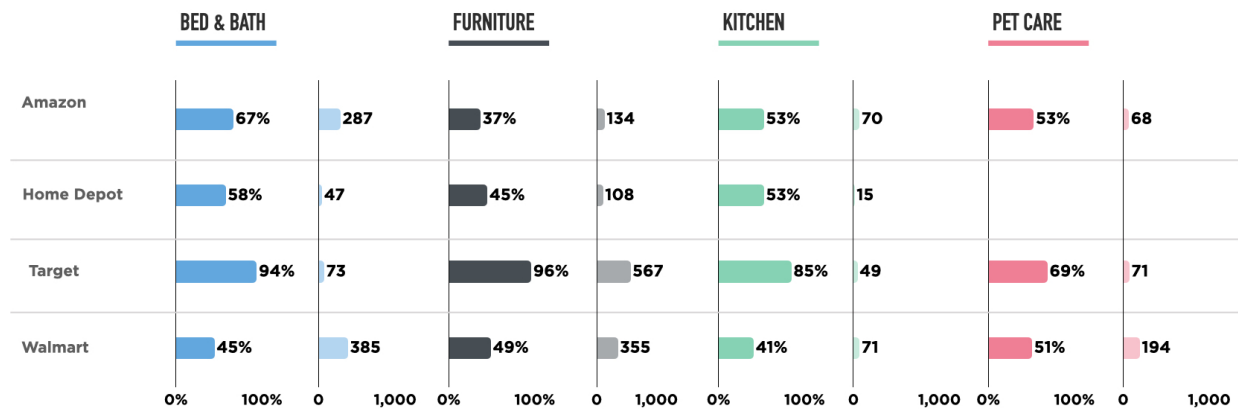|	BED & BATH	FURNITURE	KITCHEN	PET CARE
Amazon	13.3%	10.6%	10.3%	14.7%
HomeDepot	14.2%	20.5%	9.6%	
Target	27.4%	19.2%	21.8%	18.5%
Walmart	16.1%	12%	14.7%	17%

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Overall, Amazon reported the lowest price reduction in all Home categories (12.4%), compared to Target (22.1%), Home Depot (16.5%), and Walmart (15.1%). Yet Amazon reported the second-highest percentage of additionally discounted products (9.6% vs. 11.0% for Target).

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COMMON SKUS WHICH WERE DISCOUNTED WITH NUMBER OF SKUS

	BED & BATH		FURNITURE		KITCHEN		PET CARE	
Amazon	67%	287	37%	134	53%	70	53%	68
Home Depot	58%	47	45%	108	53%	15		
Target	94%	73	96%	567	85%	49	69%	71
Walmart	45%	385	49%	355	41%	71	51%	194
	0% 100%	0 1,000	0% 100%	0 1,000	0% 100%	0 1,000	0% 100%	0 1,000

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After Prime Day ended, certain retailers' Home assortments saw more significant price increases than others. For instance, 88% of Target's 760 products in Bed & Bath, Furniture, Kitchen and Pet Care received a price increase during the post-sale period, compared to 47% of Walmart's 1005 products. Walmart's everyday low price strategy helps to explain the difference between the two big box retailers.

These results suggest that Prime Day 2020 may boost Amazon's marketing and PR engagement yet its rivals offered the most generous deals in Home categories. As home-related categories' sales soared during the pandemic, Amazon's competitors offered deep discounts to stand out online and grow their market share. As such, consumers may want to embrace the habit of comparing multiple retailers' websites to discover the best Prime Day deals in Home categories.
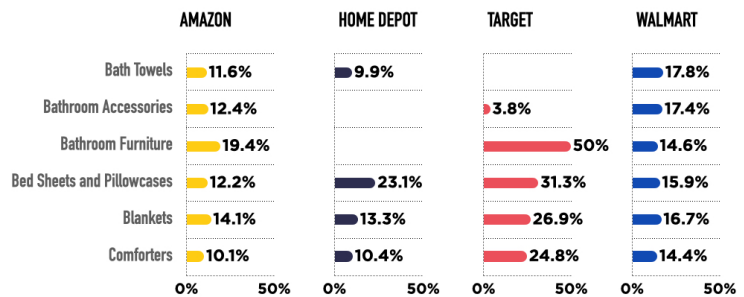
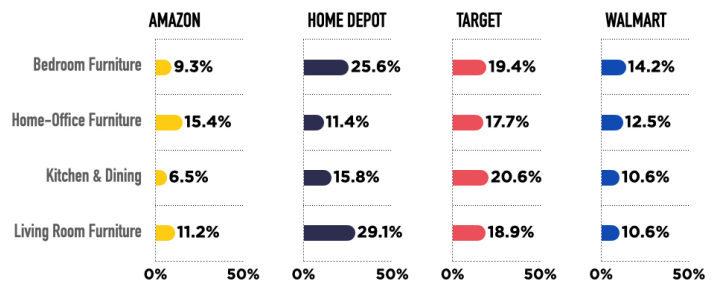## Top product types by additional discount

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AVERAGE ADDITIONAL DISCOUNT

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		AMAZON	HOME DEPOT	TARGET	WALMART
BED & BATH	Bath Towels	11.6%	9.9%		17.8%
	Bathroom Accessories	12.4%		3.8%	17.4%
	Bathroom Furniture	19.4%		50%	14.6%
	Bed Sheets and Pillowcases	12.2%	23.1%	31.3%	15.9%
	Blankets	14.1%	13.3%	26.9%	16.7%
	Comforters	10.1%	10.4%	24.8%	14.4%

		AMAZON	HOME DEPOT	TARGET	WALMART
FURNITURE	Bedroom Furniture	9.3%	25.6%	19.4%	14.2%
	Home-Office Furniture	15.4%	11.4%	17.7%	12.5%
	Kitchen & Dining	6.5%	15.8%	20.6%	10.6%
	Living Room Furniture	11.2%	29.1%	18.9%	10.6%

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In Bed & Bath, Target offered the biggest average additional discount (27.4%) and Amazon offered the lowest (13.3%). Bed sheets and pillowcases were a popular product category for additional discounts across all four retailers, with Target offering the best average additional discount at 31.3%. Other popular product types among rival retailers included blankets, comforters and bathroom furniture.
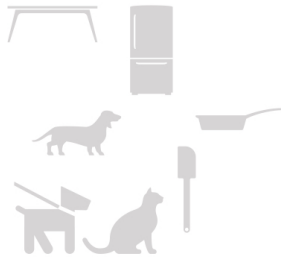
In Furniture, Home Depot (20.5%) offered the biggest overall additional discount, closely followed by and Target (19.2%). Living room furniture was a popular subcategory for all four retailers, with Home Depot offering the highest additional discount (29.1%). Other popular product types included furniture for the bedroom, home office, kitchen and dining room.

AVERAGE ADDITIONAL DISCOUNT
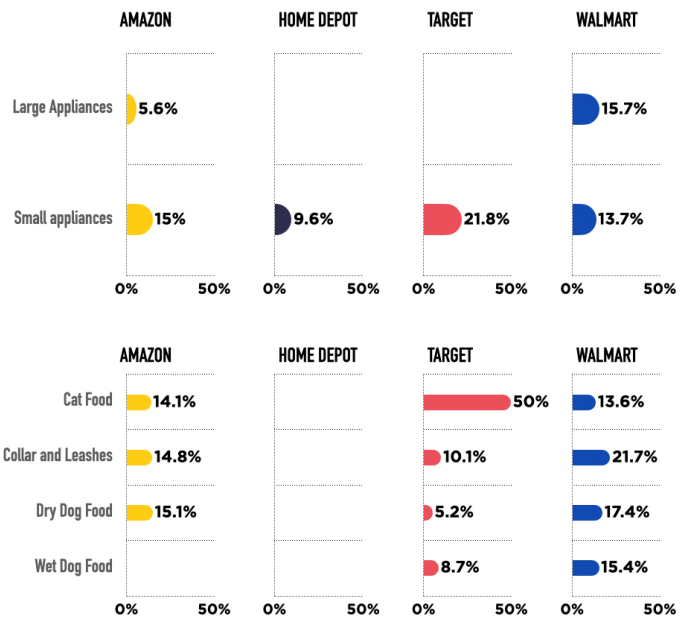
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KITCHEN

	AMAZON	HOME DEPOT	TARGET	WALMART
Large Appliances	5.6%			15.7%
Small appliances	15%	9.6%	21.8%	13.7%

PET CARE

	AMAZON	HOME DEPOT	TARGET	WALMART
Cat Food	14.1%		50%	13.6%
Dogs Collar and Leashes	14.8%		10.1%	21.7%
Dry Dog Food	15.1%		5.2%	17.4%
Wet Dog Food			8.7%	15.4%

In the Kitchen category, Target offered the biggest average additional discount for small appliances (21.8%), a subcategory in which all four retailers offered discounts. Within the large appliance subcategory, Walmart's additional discounts were nearly triple Amazon's (15.7% vs. 5.6%).

Within the Pet Care category, Target offered the biggest average additional discount (18.5%). Cat food was a popular product category, with Target offering the best average additional discount (50.0%). Other popular product types across all four retailers included dog collars, leashes and dry dog food.

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.
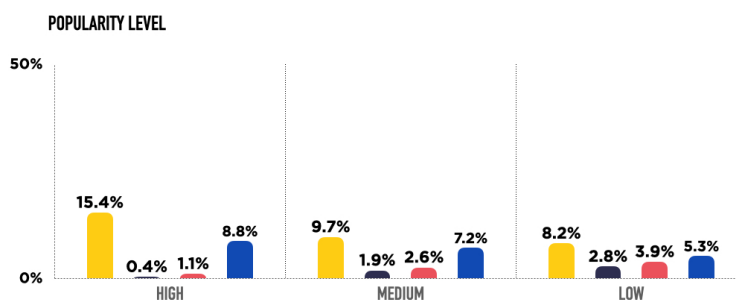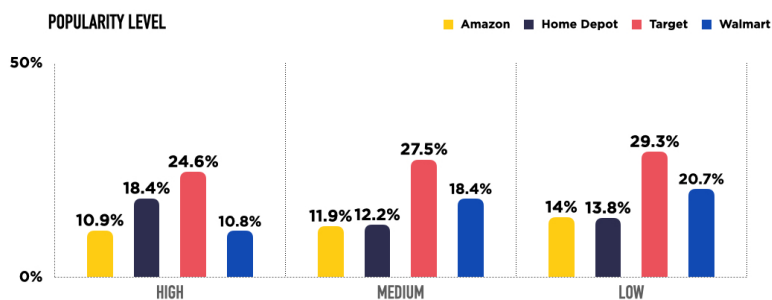
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ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS-BED & BATH

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Legend: Amazon · Home Depot · Target · Walmart

Popularity Level	Amazon	Home Depot	Target	Walmart
HIGH	10.9%	18.4%	24.6%	10.8%
MEDIUM	11.9%	12.2%	27.5%	18.4%
LOW	14%	13.8%	29.3%	20.7%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

Popularity Level	Amazon	Home Depot	Target	Walmart
HIGH	15.4%	0.4%	1.1%	8.8%
MEDIUM	9.7%	1.9%	2.6%	7.2%
LOW	8.2%	2.8%	3.9%	5.3%

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In Bed & Bath, most retailers showed an inverse relationship between their additional discounts and the products' level of premiumness. Target offered the biggest additional discounts across all levels of premiumness, more than double Amazon's discounts (27.2% vs. 12.3%). Target's bold discounting strategy shows a commitment to protecting its competitive position across the entire Bed & Bath category.
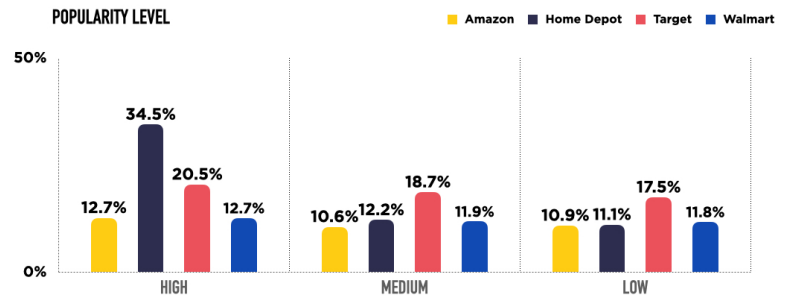
By far, Amazon offered the greatest percentage of additional discounts in Bed & Bath compared to its rivals across all levels of premiumness. Comparatively pervasive discounts help the e-commerce giant offer a greater variety of appealing deals within this category.
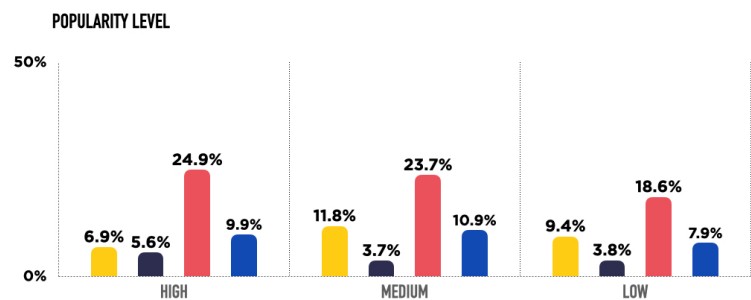
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ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS-FURNITURE

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

Legend: ▮ Amazon ▮ Home Depot ▮ Target ▮ Walmart

HIGH: Amazon 12.7%, Home Depot 34.5%, Target 20.5%, Walmart 12.7%
MEDIUM: Amazon 10.6%, Home Depot 12.2%, Target 18.7%, Walmart 11.9%
LOW: Amazon 10.9%, Home Depot 11.1%, Target 17.5%, Walmart 11.8%

PERCENTAGE OF ADDITIONALLY DISCOUNTED PRODUCTS

POPULARITY LEVEL

HIGH: Amazon 6.9%, Home Depot 5.6%, Target 24.9%, Walmart 9.9%
MEDIUM: Amazon 11.8%, Home Depot 3.7%, Target 23.7%, Walmart 10.9%
LOW: Amazon 9.4%, Home Depot 3.8%, Target 18.6%, Walmart 7.9%

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In Furniture, most retailers showed a direct relationship between their additional discounts and the level of premiumness. Notably, Home Depot offered massive additional discounts at the high premium level, nearly triple Amazon and Walmart (34.5% vs. 12.7%). This move suggests Home Depot is serious about winning the business of upscale consumers in the Furniture category.
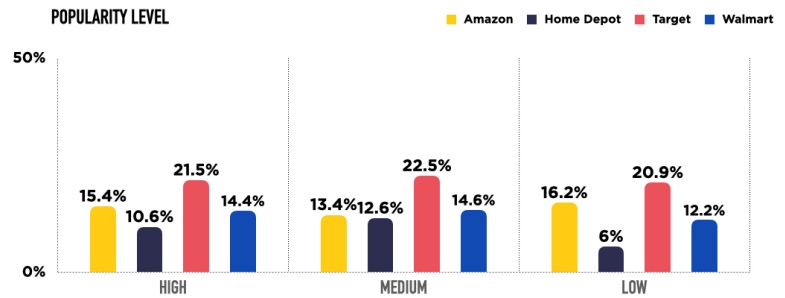
Target differentiated its assortment by discounting by far the greatest portion of its Furniture at all premiumness levels (22.4%) and Home Depot discounted the least (4.4%). Amazon and Walmart distributed the greatest portion of their additional discounts to the moderate level of premiumness. Target's strategy tries to attract all Furniture shoppers while Amazon and Walmart try to make their mid-market offerings affordable to more consumers.
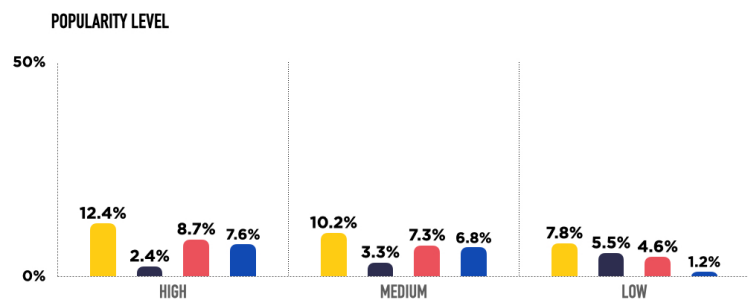
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**ADDITIONAL
DISCOUNTS
ACROSS
PREMIUMNESS
LEVELS-KITCHEN**

**AVERAGE ADDITIONAL
DISCOUNT**

POPULARITY LEVEL

Legend: ■ Amazon ■ Home Depot ■ Target ■ Walmart

Chart (Average Additional Discount):
- HIGH: Amazon 15.4%, Home Depot 10.6%, Target 21.5%, Walmart 14.4%
- MEDIUM: Amazon 13.4%, Home Depot 12.6%, Target 22.5%, Walmart 14.6%
- LOW: Amazon 16.2%, Home Depot 6%, Target 20.9%, Walmart 12.2%

**PERCENTAGE OF ADDITIONALLY
DISCOUNTED PRODUCTS**

POPULARITY LEVEL

Chart (Percentage of Additionally Discounted Products):
- HIGH: Amazon 12.4%, Home Depot 2.4%, Target 8.7%, Walmart 7.6%
- MEDIUM: Amazon 10.2%, Home Depot 3.3%, Target 7.3%, Walmart 6.8%
- LOW: Amazon 7.8%, Home Depot 5.5%, Target 4.6%, Walmart 1.2%

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Across all levels of premiumness for Kitchen products, Target offered the biggest additional discounts, including almost double Amazon's discounts at the medium level (22.5% vs. 13.4%). Target's aggressive discounting shows a desire to be more competitive by attracting consumers at all levels of the Kitchen category.

In the Kitchen category, most retailers offered a direct relationship between the proportion of additional discounts and the level of premiumness, yet Home Depot showed an inverse relationship. Amazon's proportion of additional discounts across all levels of premiumness nearly tripled Home Depot's (10.1% vs. 3.7%). This discount strategy shows Amazon's willingness to offer shoppers deals across a broader variety of Kitchen items.
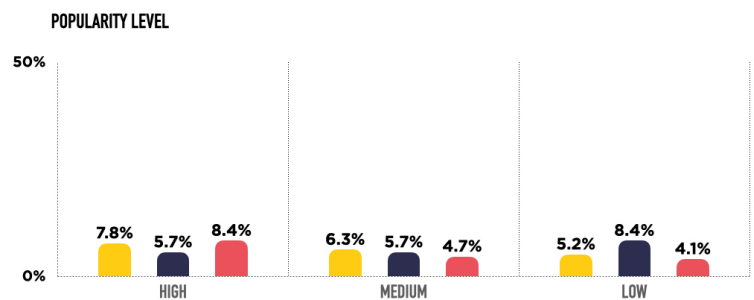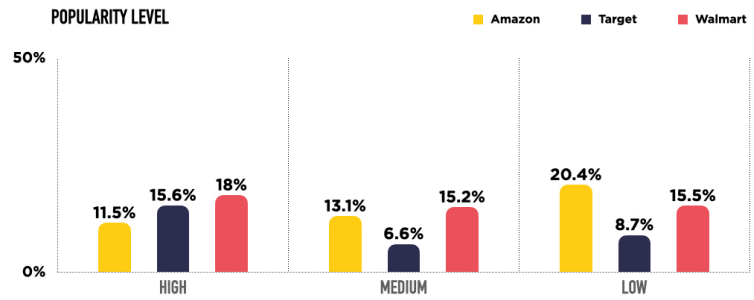
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ADDITIONAL DISCOUNTS ACROSS PREMIUMNESS LEVELS-PETCARE

AVERAGE ADDITIONAL DISCOUNT

POPULARITY LEVEL

■ Amazon   ■ Target   ■ Walmart

	HIGH	MEDIUM	LOW
Amazon	11.5%	13.1%	20.4%
Target	15.6%	6.6%	8.7%
Walmart	18%	15.2%	15.5%

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 Pet Care, Walmart offered the highest overall additional discounts (16.2%), which could fortify its low-cost leadership position for pet lovers at all price points.
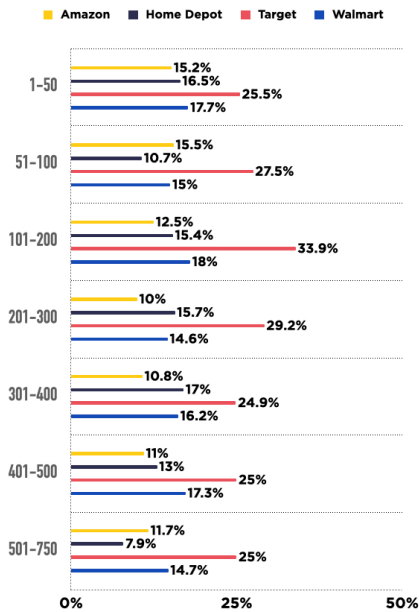
While Target offered the greatest overall percentage of additional discounts in Pet Care, Amazon applied more discounts to the higher end of the premium spectrum and Target focused on the lower end.

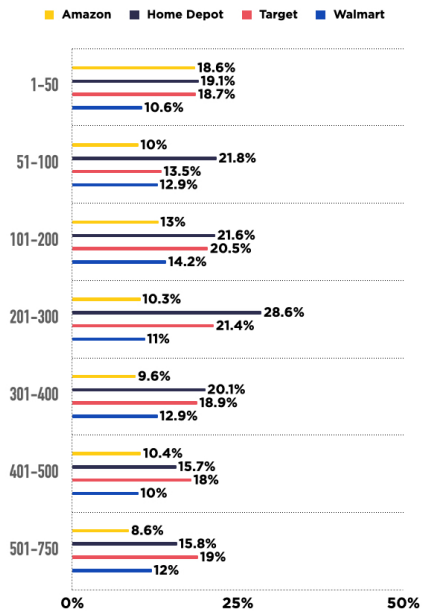## Additional discounts across visibility levels

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ADDITIONAL DISCOUNTS ACROSS VISIBILITY LEVELS

ADDITIONAL DISCOUNTS

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BED & BATH

Amazon ■ Home Depot ■ Target ■ Walmart

Visibility	Amazon	Home Depot	Target	Walmart
1–50	15.2%	16.5%	25.5%	17.7%
51–100	15.5%	10.7%	27.5%	15%
101–200	12.5%	15.4%	33.9%	18%
201–300	10%	15.7%	29.2%	14.6%
301–400	10.8%	17%	24.9%	16.2%
401–500	11%	13%	25%	17.3%
501–750	11.7%	7.9%	25%	14.7%

FURNITURE

Amazon ■ Home Depot ■ Target ■ Walmart

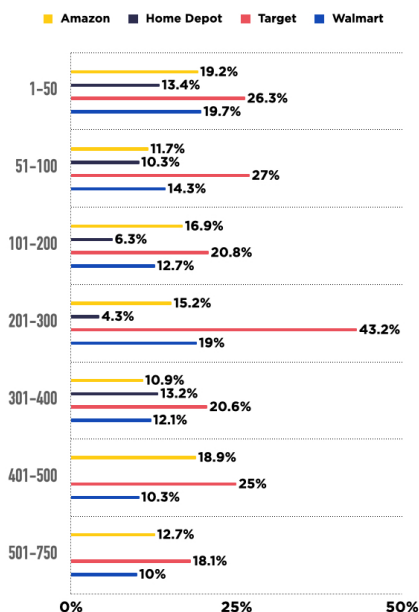| Visibility	Amazon	Home Depot	Target	Walmart
1–50	18.6%	19.1%	18.7%	10.6%
51–100	10%	21.8%	13.5%	12.9%
101–200	13%	21.6%	20.5%	14.2%
201–300	10.3%	28.6%	21.4%	11%
301–400	9.6%	20.1%	18.9%	12.9%
401–500	10.4%	15.7%	18%	10%
501–750	8.6%	15.8%	19%	12%

In Bed & Bath, Target offered the highest overall additional discounts across all levels of visibility (27.3%) and Amazon offered the lowest (12.4%). Amazon focused its additional discounts on the most visible Bed & Bath products to help online shoppers discover those items with ease and make them appealing enough to add to their cart.

Amazon offered the lowest additional discounts in the Furniture category across all levels of product visibility. Yet, among the Furniture category's most visible items, Amazon offered its highest additional discounts. Home Depot's additional discounts approach was the most aggressive except among the lowest product visibility levels. Home Depot's discount strategy shows a desire to compete for Furniture's most visible items.
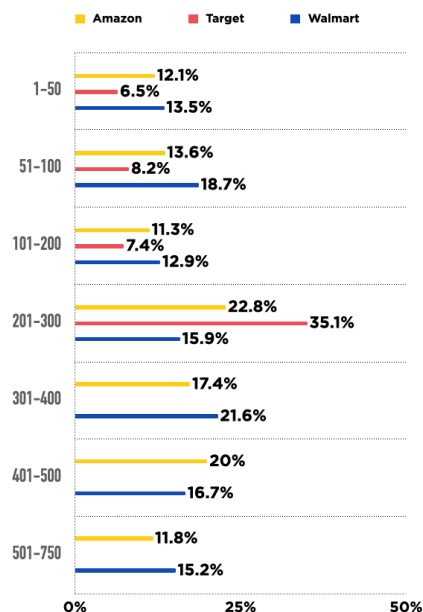
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ADDITIONAL DISCOUNTS ACROSS VISIBILITY LEVELS

ADDITIONAL DISCOUNTS

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KITCHEN

Amazon · Home Depot · Target · Walmart

Visibility	Amazon	Home Depot	Target	Walmart
1–50	19.2%	13.4%	26.3%	19.7%
51–100	11.7%	10.3%	27%	14.3%
101–200	16.9%	6.3%	20.8%	12.7%
201–300	15.2%	4.3%	43.2%	19%
301–400	10.9%	13.2%	20.6%	12.1%
401–500	18.9%		25%	10.3%
501–750	12.7%		18.1%	10%

PET CARE

Amazon · Target · Walmart

Visibility	Amazon	Target	Walmart
1–50	12.1%	6.5%	13.5%
51–100	13.6%	8.2%	18.7%
101–200	11.3%	7.4%	12.9%
201–300	22.8%	35.1%	15.9%
301–400	17.4%		21.6%
401–500	20%		16.7%
501–750	11.8%		15.2%

In the Kitchen category, Home Depot consistently offered the lowest additional discounts among products at the higher visibility levels. Conversely, Target was the most aggressive in this category, offering additional discounts of up to 43.2% at moderate levels of visibility and double Home Depot's discounts (26.3% vs. 13.4%) among the most visible items. Amazon may feel confident that men already choose Amazon for their apparel needs.

In Pet Care, the retailers generally offered the most additional discounts for items in the middle of the visibility spectrum. Walmart offered the most aggressive additional discounts among the most visible Pet Care items, more than double Target's discounts (13.5% vs. 6.5%).

Overall, Prime Day 2020 offered an ideal time for Amazon to attract homebound consumers to invest in domestic products, yet its rivals offer much higher additional discounts in Bed & Bath, Furniture, Kitchen and Pet Care. How about other categories? Watch **this space** for more insights!

- DataWeave Marketing
27th Oct, 2020

AMAZON   E COMMERCE   PRICING   STRATEGY