Executive Summary

Amazon, which dominates the American market, has been unable to replicate its hegemony in Europe. Factors such as stricter regulations and competition from localized retailers have impeded Amazon’s growth. In 2018 Amazon realized significant losses to the tune of $2.1 billion internationally due to procurements and infrastructure investments in Asia as well as Europe. The enterprise may, however, be ready to cut its losses in Asia and focus its resources on Europe, where e-commerce is expected to grow 3 times faster than overall retail in the next five years. Germany and the U.K. are Amazon’s biggest markets after the U.S., and the digital giant will count on its investments paying off as it looks to build on its presence in Europe. The Gartner L2 Intelligence Report: Amazon Europe 2019 evaluates Amazon’s presence in Men and Women’s Clothing, Beauty, Personal Care and Home Care across France, Germany and the U.K., focusing on brands’ assortment, search visibility and advertising investment on the platform.

Key Findings

- The European market is not far behind in terms of brand and product volume on the platform. However, only 5% of the products were owned and sold by Amazon in a retail capacity in Germany and the U.K. — in the U.S., 7% of products are sold by Amazon. Over 11% of products in France were sold by Amazon.
- Seventy-five percent of Best Sellers in the analyzed geographies retailed at under €20/£20, indicating that consumers on the platform are inclined to shop for low-priced replenishables across categories.
- Big-name brands are the most organically visible on Amazon, with seven of the top 10 most visible brands owned by enterprises. Platform indies are, however, capitalizing on reduced competition from a paid advertising perspective, capturing an average 6 of the top 10 brands by share of paid impressions spots.

Key Recommendations

- Amazon’s investments in Europe could soon begin to pay off. The third-party marketplace is not as competitive in Europe relative to the U.S., and brands must look to strategically gauge their presence on the platform sooner rather than later.
- The platform is ideally suited for low-priced basics and replenishables, with marginal sales traction for luxury goods. Brands must ensure that their product portfolios are in line with assortment trends to drive sales.
- Understand Amazon’s main advertising levers — Sponsored Products and Sponsored Brands — and utilize them accordingly to hedge against platform indies capitalizing on reduced investments from enterprise brands.

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