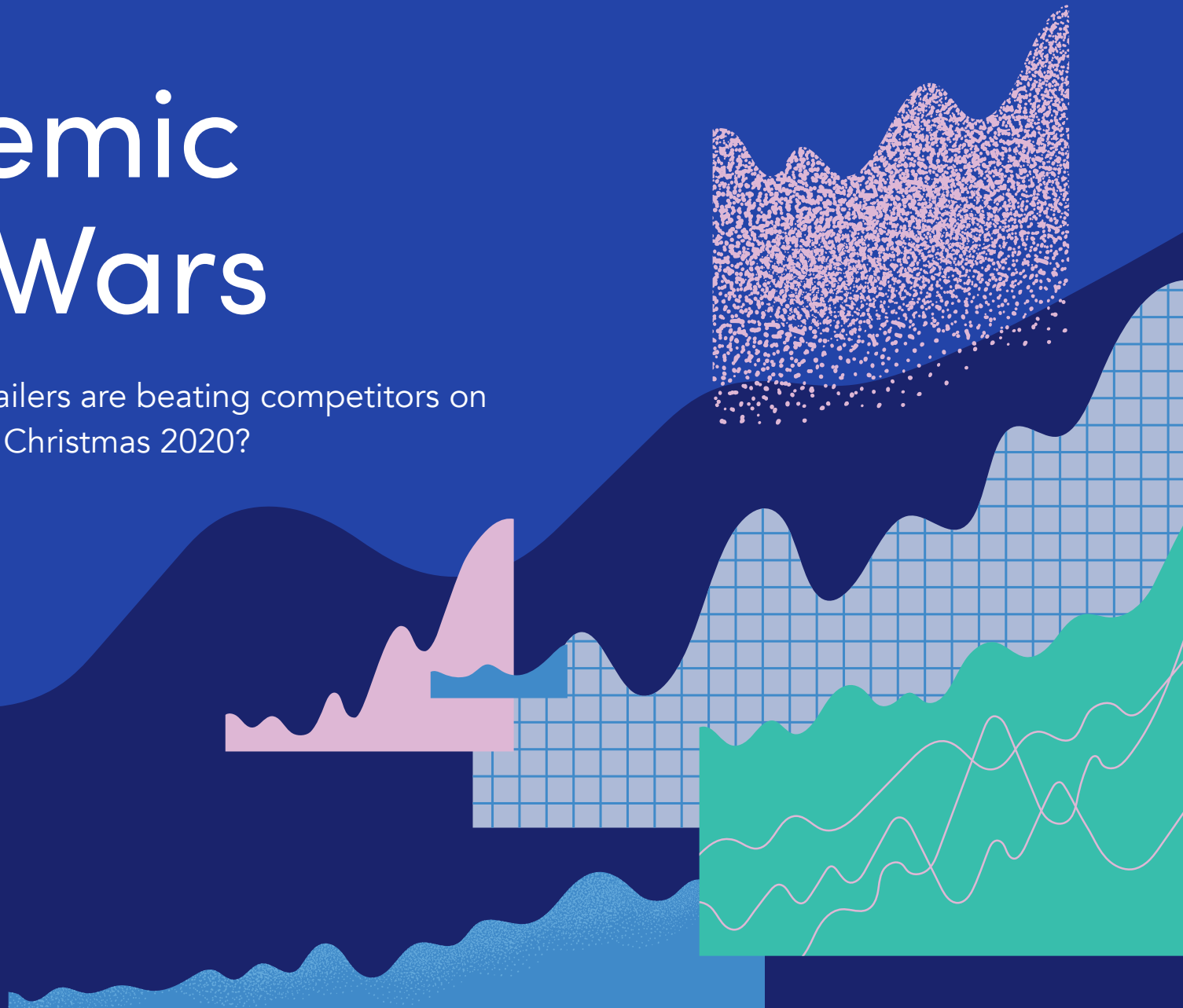


Pandemic Price Wars

Which U.K. online retailers are beating competitors on price in the run-up to Christmas 2020?



Introduction

The U.K. is in its second lockdown (as of 5 Nov) since the pandemic started and another surge in online shopping is expected. This raises the stakes for price competition online heading into the 2020 Christmas period. According to McKinsey, 48% of consumers will choose a retailer based on price and promotions this year.* As the critical peak season approaches, Profitero is sharing the findings of our first ever U.K. Price Wars study, which compares item-level price comparison across the U.K. online retail landscape.

This study compares prices on 4,308 best-selling items in 16 categories at Amazon.co.uk, and stacks them up against the online prices offered by Argos.co.uk, Currys.co.uk, Groceries.Asda.com, and Tesco.com. Only identical items available and in-stock in the same pack configuration were compared. Data was collected daily over 8 weeks (24 Aug - 18 Oct, 2020), with daily prices averaged over the full period for comparison. Prices for the same items were collected within 24 hours of each other to ensure validity of the comparisons.

* "Navigating shopper behaviors in the pandemic." McKinsey 5 Nov, 2020

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RETAILERS FEATURED IN THIS REPORT



CATEGORIES FEATURED IN THIS REPORT

- | | |
|------------------------|-------------------------------|
| Alcohol | Furniture |
| Appliances | Household Supplies |
| Baby | Office Electronics & Supplies |
| Beauty | Sports & Outdoors |
| Electronics | Tools & Home Improvement |
| Fashion | Toys & Games |
| Garden & Outdoors | Video Games |
| Health & Personal Care | Vitamins & Supplements |

Executive summary

Amazon U.K. is heading into the “pandemic” 2020 Christmas season with the strongest price position versus other major retailers studied. Stacked up against Argos, Asda, Currys and Tesco, Amazon’s online prices were 13% lower, on average, across all of the 16 major consumer product categories featured at the time of this study. In short, no other online retailer beat Amazon on price.

OTHER KEY FINDINGS:

- **Currys is best at stirring the pot.** Currys’ online prices across 10 seasonal retail categories analysed were found to be the most competitive with Amazon U.K. Its prices averaged 6% more expensive than Amazon, compared with Argos and Asda, which were 9% more expensive.
- **Neither Asda nor Tesco can raise a glass to Amazon.** Booze sales have been booming online during the pandemic. Profitero data reveals alcohol sales on Amazon.co.uk are up 121% to date in H2 2020 compared with a year ago. Amazon is by far the most competitively priced on identical alcohol items, averaging 11% less expensive than both Asda and Tesco. This is significant considering that alcohol sales tend to spike during the seasonal shopping period. Alcohol sales were up 169% on Amazon.co.uk in the two-week run-up to Christmas last year compared with the H2 2019 weekly average — and this is likely to be even higher this year with lockdowns in place.
- **U.K. retailers pick & choose their online battles.** You may think retailers are competing equally across all categories, but they are not. Online competition is really tough in some categories like Electronics, Toys & Games and Video Games, where Argos, Asda and Currys fundamentally price within about 10% of Amazon’s prices. But Amazon is blowing off the doors in other, namely FMCG, categories, like Beauty, Health & Personal Care and Household Supplies, where the price gap versus Amazon is usually north of 20%.
- **Amazon sits pretty in Beauty and Health & Personal Care.** Across all categories studied, we found the largest online price gaps vs. Amazon in Health & Personal Care (23% higher, on average, across all four competitors) and Beauty (21% higher, on average, at Argos, Asda and Tesco).

6%

Currys average online price gap versus Amazon on identical “seasonal retail” items

(in Appliances, Electronics, Office Electronics & Supplies, Video Games)

11%

How much more Asda and Tesco charge online than Amazon on identical Alcohol items

23%

Amazon’s average price advantage in Health & Personal Care versus other online retailers on identical items

Argos, Asda and Currys prove worthy competitors in key Christmas categories

We found Amazon the lowest priced retailer across the board heading into Christmas. Still, the retailers in the study are putting up a good fight.

Among Amazon's top price competitors in select seasonal categories are:

- Argos — in Video Games (5%)
- Asda — in Office Electronics & Supplies (3%); Toys & Games (5%)
- Currys — in Appliances (5%); Electronics (5%); Office Electronics & Supplies (5%)

● Unwilling to lose (= matching prices) ● Competing aggressively (1-5% more expensive) ● Keeping things close (6-14% more expensive) ● Not competing (15%+ more expensive)

Category	Amazon	Argos	Asda	Currys
Appliances	Lowest price	12%		5%
Electronics	Lowest price	9%	18%	5%
Fashion	Lowest price	6%		
Garden & Outdoors	Lowest price	8%		
Home Furniture	Lowest price	6%		
Office Electronics & Supplies	Lowest price	16%	3%	5%
Sports & Outdoor	Lowest price	9%		
Tools & Home Improvement	Lowest price	16%	8%	
Toys & Games	Lowest price	8%	5%	
Video Games	Lowest price	5%	10%	7%

Blank spots indicate the retailer was not included in the study for this category.

Amazon prices in Alcohol, Baby & Health/Beauty are hard to beat

U.K. retailers have their work cut out to try and gain ground on Amazon's low prices in some everyday household categories. Across the board, we found Amazon to have a double-digit price advantage in Alcohol, Baby, Beauty, Health & Personal Care, Household Supplies, and Vitamins & Supplements.

- **Tough drink to swallow.** Alcohol is proving to be a key competitive battleground, with online sales booming during the pandemic. Interestingly, Tesco and Asda look to be competing aggressively with each other, yet struggling to keep pace with Amazon's low prices. Both retailers lagged Amazon's prices on identical alcohol items by an average of 11%.
- **It's no beauty contest.** None of the retailers studied come close to meeting Amazon on price in either Beauty or Health & Personal Care (which includes items such as shavers, electric toothbrushes and blood pressure monitors). The average price differential versus Amazon in both categories was more than 20%.
 - Tesco was the most competitive: 16% more expensive on identical Beauty items; 14% in Health & Personal Care
 - Asda was the most expensive: 27% more expensive in Beauty; 28% in Health & Personal Care

● Unwilling to lose (= matching prices) ● Competing aggressively (1-5% more expensive) ● Keeping things close (6-14% more expensive) ● Not competing (15%+ more expensive)

Category	Amazon	Argos	Asda	Currys	Tesco
Alcohol	Lowest price		11%		11%
Baby	Lowest price	14%	14%		
Beauty	Lowest price	19%	27%		16%
Health & Personal Care	Lowest price	21%	28%	29%	14%
Household Supplies	Lowest price		23%		
Vitamins & Supplements	Lowest price		14%		

Blank spots indicate the retailer was not included in the study for this category.

Study methodology

Each day, Profitero monitors prices and other data on more than 450 million product pages across hundreds of unique retailer sites. For this study, Profitero analysed daily prices collected from 24 Aug - 18 Oct, 2020 at Amazon.co.uk and 4 other leading online retail sites across 16 categories.

Summary

Time period	24 August, 2020 to 18 October, 2020
Featured categories	Alcohol, Appliances, Baby, Beauty, Electronics, Fashion, Garden & Outdoors, Health & Personal Care, Home Furniture, Household Supplies, Office Electronics & Supplies, Sports & Outdoor, Tools & Home Improvement, Toys & Games, Video Games, Vitamins & Supplements
Data collection frequency	Daily
Matching	Exact matches (same items only)
Retailers (online sites)	Amazon, Argos.co.uk, Currys.co.uk, Groceries.Asda.com, and Tesco.com
In-stock rule	Both retailers in-stock on the same day
Price comparisons	Prices collected on the same day, in-stock, averaged over the full period

- Online prices were collected daily from each retailer. The study only compares prices collected on the same day, with both retailers in-stock.
- Items were initially collected from Amazon's taxonomy, with a focus on best-selling items (Best Seller Rankings 5,000 and below).
- Items were matched exactly. Profitero's methodology includes comparing online prices between retailers only on items that are identical (same UPC, brand and pack configuration).
- Where prices were unavailable for both retailers on the same day for matched items (as in the case of out-of-stocks at one retailer), items were excluded from Profitero's comparison.
- Price gaps were calculated at the product level on a daily basis and indexed to Amazon. Then, an average of the price gap for all items in each category was taken for each day for each retailer. Lastly, these daily average price gaps by category were averaged for each month. This approach avoids the misrepresentative impact that high price-point items can have when the percentage difference between "average prices" is compared.
- Profitero collected prices that were listed on the retailer website Product Detail Pages without loyalty credentials. But in many cases, such as for Amazon & Tesco, the loyalty price/lowest price the retailer is willing to offer is listed without loyalty login credentials.
- Number of Amazon SKUs refers to the number of items sold by Amazon.co.uk (excluding third-party sellers) analysed for the study.

About Profitero

Profitero is the platform Adidas, L’Oreal, General Mills and 4,000 other brands use to accelerate their eCommerce sales.

Using Profitero’s proprietary technology and algorithms, brands can optimize their 4Ps (Product, Placement, Price and Promotions) across hundreds of unique retailer sites and 50 countries while also uncovering what competitors are doing to win online.

Profitero’s proprietary technology also estimates daily sales for products sold on Amazon, allowing brands to measure market share growth and size category opportunities for future investment. The platform was first in the industry to integrate Amazon sales and share metrics and digital shelf analytics together so brands can more quickly pinpoint the factors that will lead to more sales.

Hear what customers have to say about Profitero



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For more information, email sales@profitero.com or visit profitero.com.

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