

The State of Amazon Business

Predicting the impact on B2B eCommerce

Amazon Business is Amazon's long-game. The \$7 Trillion market is ripe for disruption, as distributors eCommerce assortment and experience significantly lags. Here's a brief 6-year history of Amazon's overwhelming rise to dominance—from \$1B in sales in 2016 to \$10B in sales in 2018.



"We continued to hear that they (customers) wanted an Amazon shopping experience when they were buying for work."

—Prentis Wilson, Amazon's Wholesale czar (Now VP, Amazon Business)

Source: **Forbes**

It only takes 5 years for Amazon to disrupt a market.

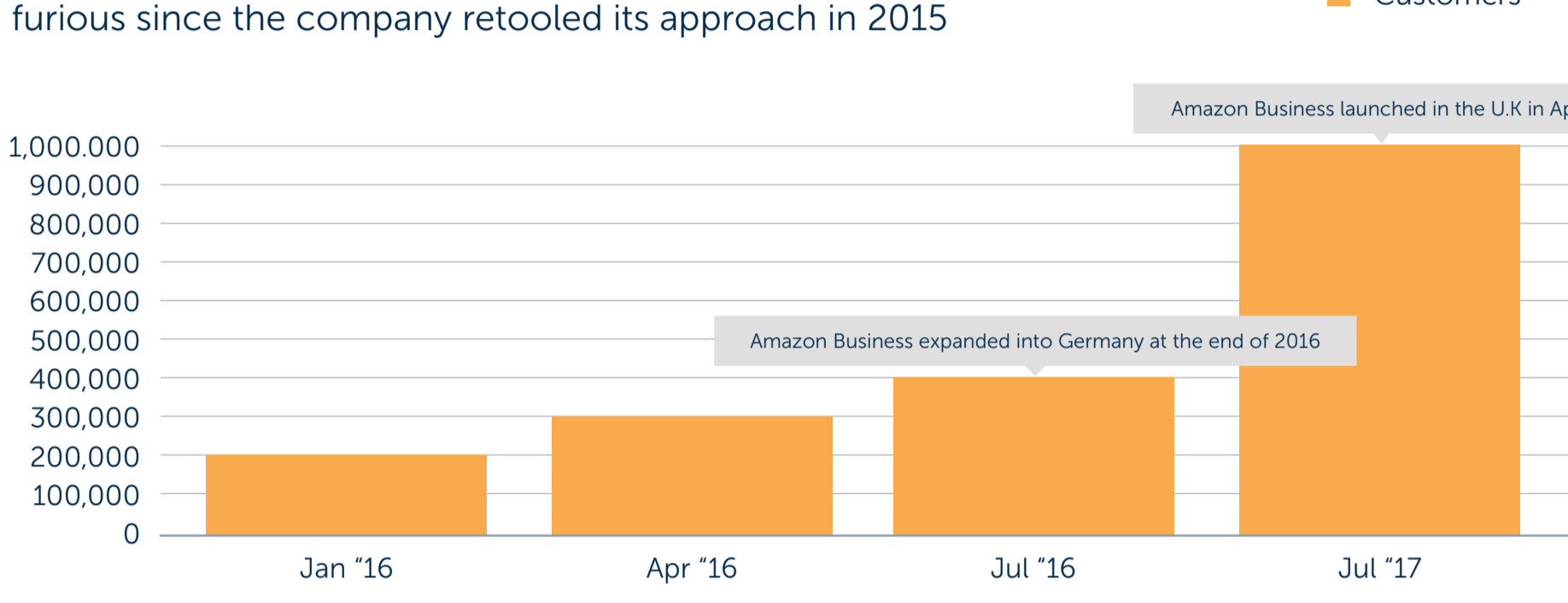
- April 2012** Amazon launched **AmazonSupply**
- May 2014** AmazonSupply offers 2.2 million products in 17 categories
- April 2015** Amazon folds AmazonSupply into Amazon Business **Marketplace**
- May 2016** Amazon Business amassed 300,000 customers, 9 million business-relevant items for sale
- July 2016** Amazon Business hits \$1B in sales, 400,000 customers, 30,000 marketplace sellers in first year of operation
- July 2017** Amazon Business now serves 1 million customers, through 85,000 business sellers, offering hundreds of millions of business-relevant products
- August 2018** Amazon activates "Pay by invoice" feature for all third-party sellers to allow business buyers to be invoiced and pay later.
- September 2018** Amazon Business reaches \$10B in sales

Fast Customer Growth reinforces B2C-ization of B2B purchasing:

Amazon Business grew from 200,000 to 1,000,000 customers in 18 months, and launched in Germany and The U.K. along the way.

Corporate Takeover

The expansion of Amazon Business has been fast and furious since the company retooled its approach in 2015



Source: **Bloomberg**

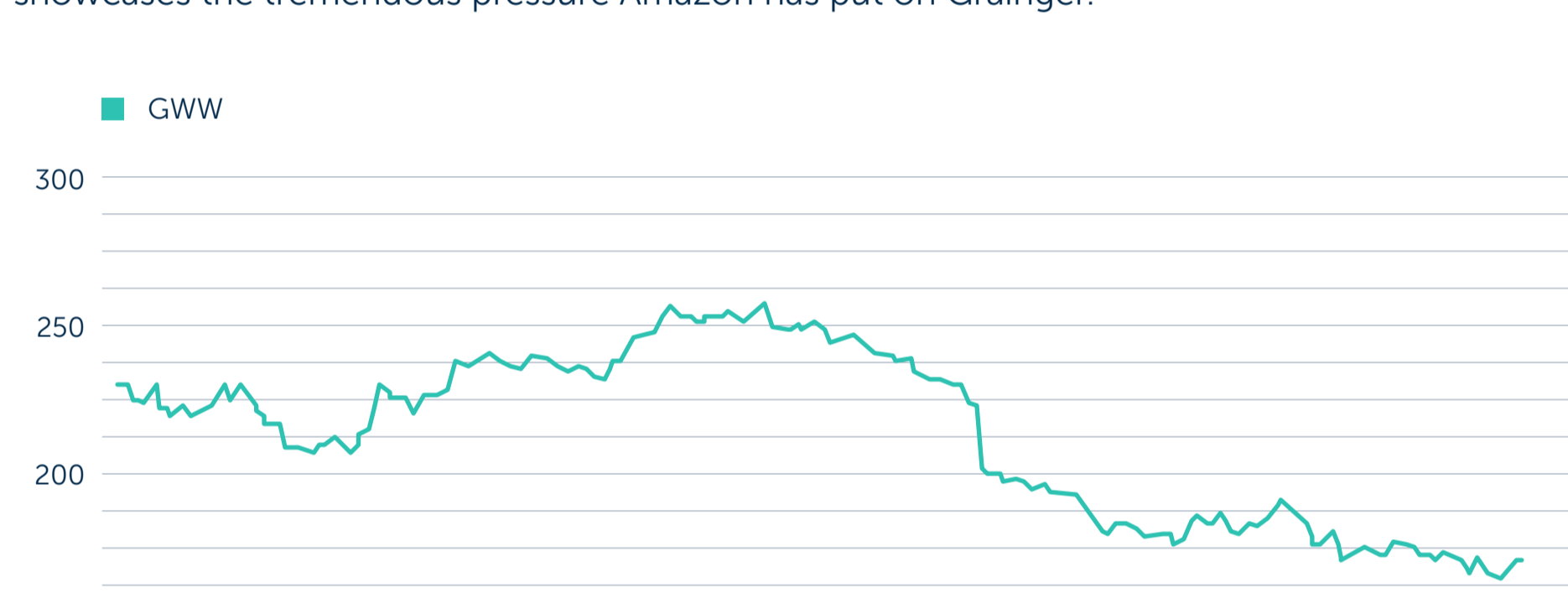
Amazon says those 1 million business customers are in the U.S. Globally, the number may be higher. In April, Amazon noted it had enrolled 50,000 business customers in Germany

"The Amazon Effect" hits industrial distribution

Amazon has clearly set its targets on industrial distributors, and particularly W. W. Grainger. In August 2017, Seeking Alpha, a leading source for stock market insights, stated "Before wholeheartedly recommending purchase, we need to consider whether recent pricing actions (from W.W. Grainger) will be enough to counter the threat of Amazon and its army of third-party sellers."

The Elephant in the Room

The past year of W. W. Grainger (GWW) declining stock performance showcases the tremendous pressure Amazon has put on Grainger.



Source: **Bloomberg**

The Industries Amazon Business is dominating in:

Amazon Business currently holds the largest online assortment in commoditized goods, but is quickly moving into other emerging categories.

Core Categories

Office Supplies	Industrial products			
<ul style="list-style-type: none"> Janitorial & Sanitation 3D Printers Food Service Metal Working 	<ul style="list-style-type: none"> Test, Measure & Inspect Material Handling Filtration Packing & Shipping Industrial Electrical 	<ul style="list-style-type: none"> Occupational Safety Teacher Supplies Hydraulics & Plumbing Raw Materials Door & Equipment Hardware 	<ul style="list-style-type: none"> Lab & Scientific Science Education Power Transmission Fasteners 	

Emerging Categories

Auto parts/Aftermarket 	Medical/Healthcare + Pharma 	Food/Beverage
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Under Threat

Leading companies in Amazon Business' core and emerging categories will see continued direct and measurable financial impact:

 Office Supplies: Staples Advantage Office Depot Essendant	 Industrial: W.W. Grainger MSC Industrial HD Supply	 Auto Parts/Aftermarket: Advance Auto Parts US Auto Parts Genuine Parts Company	 Medical/Healthcare + Pharmaceuticals: Cardinal Health McKesson Medline	 Food/Beverage: Sysco US Foods Performance and Food Group
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Public Sector spending is next, and locked in

In 2017, Amazon Business won a Public Sector contract that secures up to \$500 Million in government spending PER year. The 11 year contract could result in \$5.5 Billion in sales for Amazon across these core industries. It covers 10 product categories ▶

Office Supplies	Audio Visual and Electronics
Classroom, School, Art Supplies and Materials	Higher Education Scientific Equipment and Lab Supplies
Home Kitchen, Food and Grocery	Clothing
Books	Animal Supplies Equipment and Food
Musical Instruments	Miscellaneous



"Amazon Business is committed for the long term to serve education and government organizations..."

—Prentis Wilson, VP, Amazon Business

Source: **amazonbusiness**

Why Amazon Business is winning

- 1** B2C-ization of B2B Purchasing
 - 2** Massive product assortment & low prices via the Marketplace model
 - 3** Enterprise customer acquisition
- Amazon Business' growth is attributed to ▶



"Amazon's winning large organizations. This is what should actually scare other B2B companies out there. We all expect Amazon Business to do well among the SMB set. But they're winning enterprise customers, many of whom are cash cows for enterprise distributors with large-scale field sales organizations. Amazon may now officially be disrupting that model."

—Andy Hoar, Principal Analyst for eCommerce at Forrester Research

For more information about how Mirakl can help B2B Distributors, Wholesalers, and Retailers stop getting Amazon'ed, go to www.mirakl.com.