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How to compete with Amazon Prime

The success of Amazon's new one-hour delivery service ('Amazon launches one-hour delivery for Prime members in London' Retail-week.com, June 30) will depend on a number of factors, notably product availability, as well as the customer's willingness to pay inflated delivery prices to secure a product and have it in their hands within 60 minutes.

However, if it proves popular, it will up-the-ante on fellow retailers and put pressure on competitors to reassess their existing delivery strategies.

The key to the service will be the retailer's ability to balance additional delivery costs alongside speed of service. Critical to this will be the need to forge new relationships with unconventional partners, which can deliver the products to the consumer faster, more conveniently and at an affordable price.

Following success in the US, Amazon has recently announced that it would be launching Amazon Prime Now, a one-hour delivery

service for UK Prime subscribers in designated London postcodes. If successful, further rollout will follow across the country. The launch is expected to raise the stakes amongst other online retailers keen to grab market share from bricks-and-mortar competitors.

Savvy retailers should therefore look at how they can compete.

It is important to address relationships with existing suppliers and form new ones with unconventional partners. Local transport businesses such as taxi firms, and even fast food delivery services could all potentially be used to maximise speed of service for the consumer at a price which is competitive against other retailers.

The pressure will very much be on the retailer to ensure this is carried out effectively – those that don't are at risk of being left behind by their more progressive competitors.

Jon Gibson, head of logistics, supply chain consultancy Crimson & Co

