

Amazon Launchpad Innovation Report

How the last few
months have propelled
SMB business innovation

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Introduction

There's no denying that 2020 has been a tough year for Australians, from drought and bushfires through to COVID-19, the impact of which has notably been felt by Australian small to medium sized businesses (SMBs).

As 'pivoting' became more than just a buzzword, it has been a testament to Australian SMBs who have shown true resilience and the power to innovate to support our changing way of life.

In fact, new research commissioned by Amazon Australia and conducted by McCrindle, that surveyed more than 1,000 SMBs, found that despite economic setbacks, Australia's small to medium sized business owners still feel optimistic for their future prospects (92%).

This report explores the sentiment currently felt by Australian SMBs and how life in lockdown helped them to evolve their business in our changing way of life.

We also introduce the Amazon Launchpad Innovation Grants, a new initiative celebrating entrepreneurs, startups and SMBs that are innovating for the future.

Amazon Launchpad is a program that helps Aussie startups and entrepreneurs bring innovative products to local customers who are looking for unique items with a homegrown twist. Think of Amazon Launchpad as a supplemental program designed to jumpstart and accelerate an Amazon business. This August, the program celebrates its first birthday in Australia.



Chadd Ciccarelli
Head of Amazon
Launchpad



How 2020 challenged Australian SMBs

SMB owners felt supported by Australian consumers

Emotional affects:

Two in three (65%) Australian SMB owners were emotionally affected by the pandemic – a sentiment held by many people across the country experiencing unprecedented uncertainties, from work and financial concerns, to physical and mental wellbeing.

Australian SMB owners say these emotional challenges resulted in an impact on their mental health (26%), while over half (55%) lacked guidance or mentorship support during this time.

Shop Local:

Despite these setbacks, optimistically most (84%) said they felt supported by Australian consumers who have actively looked to 'Shop Local' during this time, while 61% said they had actually seen a broader range of customers during this time and 53% said their customers spent more in an aid of support.

This 'all-in' Aussie attitude positively impacted 76% of businesses, who said they had received messages of encouragement from customers, and 67% received courtesy guidance from advisors on how to retain customers.

The future for Australian small to medium business owners

SMBs owners say innovation will be key for the future and see online as a key channel

SMB innovation:

While the past three months have been challenging, life in lockdown proved to have some benefits for SMB owners.

SMBs innovated by looking at new revenue streams (27%), creating a new product (17%), transforming their product (18%), and launching online (23%).

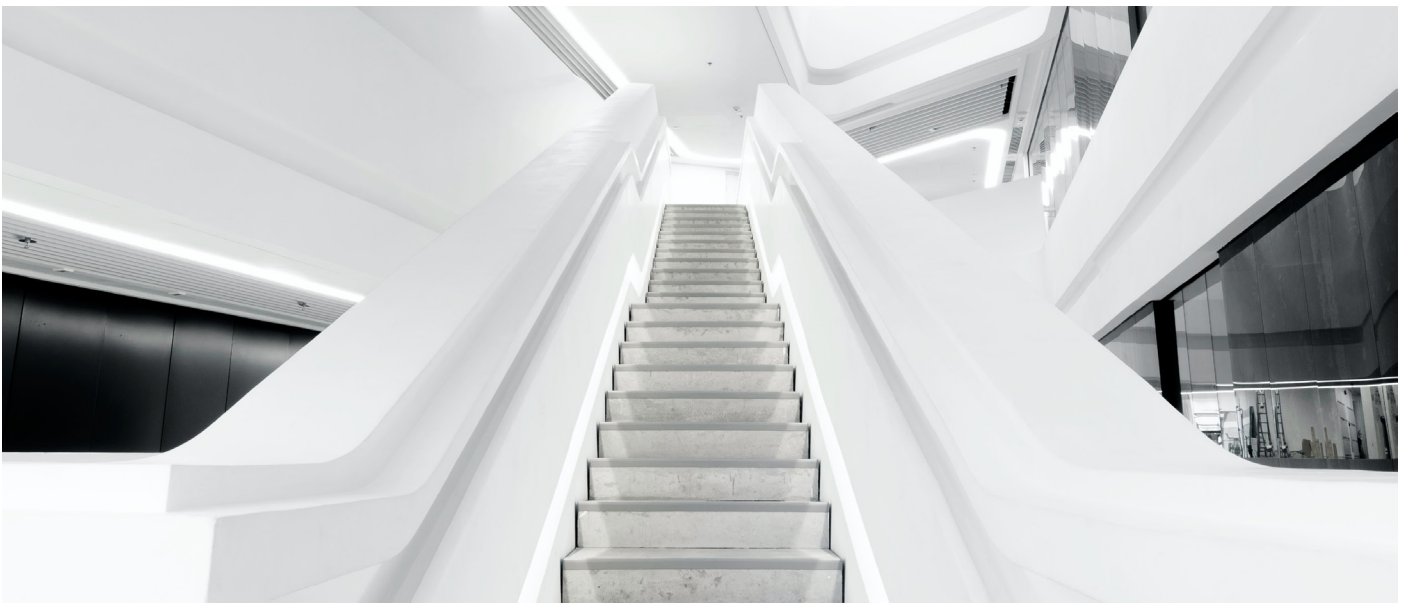
Positively, more than a quarter (28%) of SMBs revealed their time in isolation helped them refresh their business plan and focus on creativity (38%).

Optimism for future:

Moreover, despite the year's economic setbacks, Australia's SMB owners say they feel optimistic for the future (92%), including the ability to innovate (26%) and grow (25%) their business in the next 12 months, as the economy comes out of 'hibernation'.

Supporting customers locally is a key priority for the majority (45%) and 18% say they aim to reach customers internationally as they look at new ventures or product offerings (25%).

To grow, SMBs said they most need funding to put towards digital presence (15%), e-commerce (10%), logistics (6%) entering new markets (15%) and creativity (11%), with \$20,000 being identified an impactful injection of funds to help with these areas (83%).



Key Findings Summary

How SMBs transformed during lockdown:



Innovation

28% of SMBs revealed their time in isolation helped them innovate for the future



Methods

SMBs innovated by looking at new revenue streams (27%), creating a new product (17%) and launching online (23%)



Creativity

More than a third refreshed their business plan (35%) or focused on creativity (38%)



Digital

Another third (34%) said it helped them develop their digital strategies



Strategy

One in five (21%) planned for a new business / product strategy to move forward

Key Findings Summary

Australian SMBs are optimistic for the future:



Optimism

92% of Australia's small to medium sized business owners feel optimistic for the future

Funding for SMBs:



Year Ahead

Australian SMBs say they are most optimistic about the ability to innovate (26%) and grow (35%) their business over the next 12 months



Launch Funds

Reflecting on when they first launched, 26% of SMBs started with less than \$5,000



Vision

More than a quarter (27%) have a new sense of purpose or vision for their business



Impactful

The majority (83%) of SMBs owners said \$20k would be an impactful injection of funds for growth



Online

A third (33%) feel optimistic about increasing their online offering



Growth

To grow, SMBs need funding to put towards digital presence (15%), e-commerce (10%), logistics (6%), staff (15%), growing business into new markets (15%) and creativity (11%)

Amazon Launchpad

The Program

Amazon Launchpad Australia launched in August 2019 and highlights innovative, cutting-edge products from startups and entrepreneurs from around Australia and the world, making it easy for them to on-board, market and launch new products to millions of Amazon customers.

Participants benefit from custom product pages on the Amazon.com.au Launchpad store, marketing support and access to Amazon's local fulfilment network including Amazon Prime. Amazon Launchpad also gives Australian consumers a chance to discover and support local brands.

Launchpad Innovation Grants

Amazon Australia has launched the Amazon Launchpad Innovation Grants, an initiative to celebrate innovation by Australian startups, entrepreneurs and SMBs in our changing way of life.

Each Amazon Launchpad Innovation Grants package is worth more than \$80,000 and includes a \$20,000 cash grant, Amazon marketing support, AWS Activate credits, and exclusive access to mentors such as Amazon leadership and entrepreneur experts from Australia and HQ in Seattle, time with successful e-commerce savvy Australian SMBs, and insights from angel investors in the Venture Capital community.

Applications for the Amazon Launchpad Innovation Grants will be open to Australian start-ups, entrepreneurs and SMBs until 24th August 2020. Grant recipients will be announced in September 2020.

To apply, and for more information including T&Cs, visit: Amazon.com.au/Launchpad

Amazon Launchpad is also shining a spotlight on Australian businesses with the dedicated 'Shop Local' store, where customers can find a range of exciting local products delivered right to their front door.



Amazon Launchpad Innovation Stories

Australian businesses that have successfully innovated during this time:



Lyre's Non-Alcoholic Spirits Co.

Lyre's was co-founded by Carl Hartmann and Mark Livings and joined Amazon Launchpad when the program launched.

An innovative beverage company using cutting edge food science, Lyre's has recreated all the major alcoholic spirits in a non-alcoholic format. With Lyre's, it's possible to make the vast majority of the top 50 cocktails in the world.

The sudden closure of bars and restaurants following lockdown restrictions worldwide, greatly impacted the business. Fortunately, Lyre's had launched the business with a strong focus on e-commerce, and they quickly diverted their resources to focus solely on e-commerce to maximise growth through this period.

Lyre's has quickly become one of the fastest growing new consumer products in the world, with distribution in Australia, NZ, USA, UK and Singapore amongst others.

The Amazon Launchpad program has been an important program for the business and a major driver of their growth.



Amazon Launchpad Innovation Stories



Bake Mixes

Bake Mixes is owned by former MasterChef contestant Renae Smith and her business joined Amazon Launchpad in 2019. Whilst cooking at food shows around the world, she found that instead of being asked to cook exciting restaurant quality foods, she was consistently asked to demonstrate healthy, delicious 'snack foods' that were able to be adapted to different food intolerances.

When the chance came to take over the Bake Mixes brand, Renae saw an opportunity to create a simple solution to making healthy snacks. Working to include a wide range of recipes that could be made with different ingredients most people have on hand, Bake Mixes evolved into the business it is today providing healthy, gluten free and vegan recipes using cupboard staples.

With more people spending time at home than ever during lockdown restrictions, Renae created solutions for her customers and found her "Quarantine Box" and "Iso-Bargain Boxes" flew off her digital shelves, with sales increasing by 232%. However, like many, Renae has recently been unable to continue manufacturing her products.

As a program that has huge distribution potential, Bake Mixes plans to continue to leverage Amazon Launchpad on the road to recovery.



The Amazon Launchpad: Innovation Report research was conducted by McCrindle in June 2020 with a nationally representative sample of 1,001 small to medium businesses.

Imagery courtesy of Unsplash.

For more information,
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