Amazon aggregators: chances and risks within the emerging market

Kerrin Sofie Spintig

Dissertation written under the supervision of professor Jose Vasconcelos

Dissertation submitted in partial fulfilment of requirements for the MSc in Management with a specialization in Strategy & Entrepreneurship, at the Universidade Católica Portuguesa, 04.01.2022

Abstract

Author:	Kerrin Sofie Spintig
Title:	Amazon aggregators: chances and risks within the emerging market
Faculty:	Universidade Católica Portuguesa
Degree:	M.Sc. Management with a specialization in Strategy & Entrepreneurship
Dissertation Seminar:	Entrepreneurial Engagements and Opportunities
Year:	2022
Supervision:	Professor Jose Vasconcelos
Keywords:	Amazon aggregator, Roll-up Strategy, digital M&A deals

The purpose of this thesis is to explore the indicators for the rise of Amazon aggregators, the differentiation factors and the corresponding chances and risks. The aim is to examine the similarities and differences between the facts found in previous literature and the criteria named by aggregators themselves.

In the literature review of this thesis, an understanding of the most relevant criteria that made companies pursue the roll-up strategy with the special focus on the marketplace Amazon is formed. The empirical part contributes to the existing literature by providing insights from three different aggregators. In total five employees of aggregators are interviewed.

The results of this thesis show that the rise of aggregators were fueled by Thrasio's unicorn announcement, the sudden interest of venture capitalist, Amazon as a functioning marketplace and the benefits of a roll-up strategy. While there were several risks for aggregators identified such as acquisition risk, the high dependency on Amazon and an overall operational risk, the main goal for aggregators is to achieve an IPO. Accompanied by the fact that there is much happening in the market, a partial consolidation and even bigger secondary market will most likely follow.

Resumo

Autor:	Kerrin Sofie Spintig
Título:	Agregadores da Amazónia: oportunidades e riscos no mercado emergente
Faculdade:	Universidade Católica Portuguesa
Grau:	M.Sc. Management com especialização em Estratégia e Empreendedorismo
Seminário de Dissertação:	Compromissos e Oportunidades Empresariais
Empresariais:	2022
Supervisão:	Professor Jose Vasconcelos
Palavras-chaves:	agregador amazónico, estratégia Roll-up, acordos de M&A digitais

O objectivo desta tese é explorar os indicadores para a ascensão dos agregadores amazónicos, os factores de diferenciação e as correspondentes hipóteses e riscos. O objectivo é examinar as semelhanças e diferenças entre os factos encontrados na literatura anterior e os critérios nomeados pelos próprios agregadores.

Na revisão bibliográfica desta tese, forma-se uma compreensão dos critérios mais relevantes que levaram as empresas a prosseguir a estratégia de roll-up com o especial enfoque no mercado amazónico. A parte empírica contribui para a literatura existente, ao fornecer conhecimentos a partir de três agregadores diferentes. No total, são entrevistados cinco empregados de agregadores.

Os resultados desta tese mostram que o crescimento dos agregadores foi alimentado pelo anúncio unicórnio de Thrasio, o súbito interesse dos capitalistas de risco, a Amazon como um mercado funcional e os benefícios de uma estratégia de roll-up. Embora tenham sido identificados vários riscos para os agregadores, tais como o risco de aquisição, a elevada dependência da Amazon e um risco operacional global, o principal objectivo dos agregadores é conseguir um IPO. Acompanhados pelo facto de que há muito a acontecer no mercado, seguir-se-á muito provavelmente uma consolidação parcial e um mercado secundário ainda maior.

Table of Content

1. INTRODUCTION 7

1.1 BACKGROUND AND RELEVANCE 7
1.2 DISSERTATION OBJECTIVE 7
1.2.1 RESEARCH GAP / PROBLEM STATEMENT 8
1.2.2 RESEARCH QUESTION 8
1.3 STRUCTURE OF THE STUDY 8

2. LITERATURE REVIEW 9

2.1 E-COMMERCE 9
2.1.1 E-COMMERCE IN AN ECONOMIC CONTEXT 9
2.1.2 E-COMMERCE TRENDS DURING THE COVID-19 PANDEMIC 9
2.1.3 THE E-COMMERCE MARKETPLACE AMAZON 11
2.2 ROLL-UP BUSINESS MODEL 15
2.2.1 DEFINITION OF ROLL-UP STRATEGY 16
2.2.2 FROM TRADITIONAL TO DIGITAL M&A DEALS 16
2.3 THE RISE OF AMAZON AGGREGATORS 17
2.3.1 DEFINITION AND BACKGROUND 17
2.3.2 CURRENT MARKET OVERVIEW 18

3. RESEARCH METHOD 20

3.1 METHODICAL PROCEDURE / RESEARCH APPROACH 20
3.2 INTERVIEWS 20
3.2.1 DESCRIPTION OF THE DATA 20
3.2.2 RESULTS 22

4. CONCLUSION 28

4.1 SUMMARY AND DISCUSSION OF MARKET INSIGHTS 28
4.2 LIMITATION ANALYSIS 30
4.3 SUGGESTIONS FOR FUTURE RESEARCH 30

BIBLIOGRAPHY 32

APPENDICES 39

List of Abbreviations

M&A	Mergers & Acquisition
B2B	Business-to-Business
IPO	Initial public offering
US	United States
AWS	Amazon Web Services
SC	Seller Central
FBM	Fulfillment by merchant
FBA	Fulfillment by Amazon
MSP	Multisided platform
3P	Third party seller
HBR	Harvard Business Review
PPC	Price-per-click
ROI	Return on investment
VC	Venture Capital
ACoS	Advertising Cost of Sales
CAC	Customer Acquisition Cost

List of figures and tables

Figure 1: Effects of COVID on global e-commerce by industry. 10
Figure 2: Net revenue of Amazon from 1st quarter 2007 to 3rd quarter 2021 13
Figure 3: Number of Amazon Sellers (Marketplacepulse; 2021b) 13
Figure 4: Share of Top Amazon.com Sellers Using FBA 14
Figure 5: Cumulative Capital Raised by Amazon Aggregators 18

Table 1: Backgrounds of the interviewees 21
Table 2: Most important indicators for the rise of Amazon aggregators. 23
Table 3: Most viable differentiation factors for companies that follow the Amazon Roll-Up Strategy (in general and on an aggregator level) 24
Table 4: Most critical risks for aggregators 26

1. Introduction

1.1 Background and Relevance

The internet and the pandemic have massively changed people's shopping behavior. E-commerce has disrupted market entry barriers and made it possible for small entrepreneurs to sell their goods and compete with big retailers. But e-commerce has proven to be a fast-changing market strategies and rules that were appropriate before can change overnight. The times where small Amazon companies can sustain without being approached by one of the aggregators, brokers or others are almost over yet again.

Already back in November 2020 Amazon reported a sales record and an almost 200 percent rise in profits. The pandemic-fueled surge in online shopping pushed marketplaces like Amazon to a record in sales and profits (Wakabayashi et. al, 2020). The majority of those sales on Amazon are made by individual and independent sellers. $300bn worth of goods were moved in 2020 (Marketplacepulse, 2021a). This opportunity was seeked by more than 10 individual new funded companies back in mid of 2020 and therefore marks the rise of Amazon Aggregators. "Copying" a business model that has already been performed by one American company since 2018 and has to do with M&A deals of Amazon brands (Gardt, 2020).

Companies that use the Amazon marketplace as their main, or even only sales channel can profit from a wide range of benefits but are also exposed to risks due to the increasing dependency on the e-commerce giant. Making use of a fast-growing sales channel can offer stunning access to loyal customers as well as an advanced logistics structure, which Aggregators have been aware of before starting their acquisitions. But the question is, what were the actual indicators for the sudden rise of the aggregator? Also, what does the market look like one year and half later?

There are several chances and risks that can result from acquiring Amazon brands and cooperation with Amazon but there is a lack of academic research that considers these aspects in regard to the business model, identifying them, and deriving conclusions from it.

1.2 Dissertation Objective

The objective of this thesis is twofold. First, the objective is to explore the most important indicators for the rise of Amazon Aggregators within the last year, as well as differentiation factors found in previous literature. The aim is to analyze previous studies to form an understanding of the relevant criteria that made companies pursue the roll-up strategy with the special focus on the marketplace Amazon. Second, the objective is to provide empirical evidence of the most important indicators for the rise of the fairly new business model and the differentiation factors presented by Amazon Aggregators. The aim is to extend the existing literature by providing detailed information of the relevant indicators and factors by three different Aggregators who operate worldwide, as well as my own personal insights from being involved in the operative business of an aggregator myself, to identify market development and potential growth levers for the individual holding companies. By fulfilling both of the objectives, the aim is to pay particular attention to the chances and risks for companies following this kind of strategy and identifying similarities and differences between the previous literature and the empirical findings of this study.

1.2.1 Research Gap / Problem Statement

The existing literature is sparse to almost non-existing, when looking up academic research conducted on Amazon aggregators. Since this business model seems to have a high correlation with the COVID-19 pandemic and the high growth of the e-commerce sector it seems to be too fresh for academic in-depth research. Furthermore, the existing literature on e-commerce, roll-up strategy have been reviewed separately and not been aligned or put in context for a conceptual understanding of the rise of Amazon Aggregators and the related risks and chances that this business model brings along.

1.2.2 Research Question

Since this business model is a mixture of the Roll-Up strategy and digital M&A deals, this thesis therefore aims to explore studies conducted by previous academic researchers, combined with the fairly new internet resources. Based on the first objective of this study mentioned in chapter 1.2, the first research question to which this study focuses on providing answers is formed as follows:

What are the most important indicators for the rise of Amazon Aggregators within the last year?

In order to meet the second objective of this study, the second research question is formed as follows:

What are the differences between the aggregators? What are the corresponding chances and risks for the Amazon roll-up companies found in previous literature and described by the aggregators?

1.3 Structure of the study

The structure of this study is divided into four chapters. Following the introduction, a comprehensive literature review of e-commerce, roll-up business model and the rise of amazon aggregators is formed in chapter two. It consists of a general overview of e-commerce, its economic context and trends during Covid-19. Following the definition of the roll-up strategy and tying the strings to digital M&A deals given the specification of e-commerce base. A number of studies focusing on the platform businesses like Amazon, as well as one study conducted on the Amazon roll-up strategy are utilized in the literature review.

The empirical part of this study takes place in chapter three, where the research approach is first explained, followed by a description of the results from the conducted interviews. Finally, everything is summarized and discussed, the limitation analysis and suggestions for future research are presented in chapter four.

2. Literature Review

2.1 E-commerce

E-commerce has been growing rapidly worldwide for the last decade and sales are yet increasing. Online shopping has become one of the most desired activities. Different regions have different sales channels. Whereas in China, customers might prefer the shopping site Taobao.com, the marketplace Amazon has been booming rapidly.

2.1.1 E-commerce in an economic context

Electronic Commerce also known as e-commerce is defined as commercial transactions of goods and services, done electronically through the internet (Kabugumila, 2016). The digital economy, the economy of the internet and of the businesses online, is directly related to e-commerce. In case of improvement of online businesses, the result is also an automatic uplift in the digital economy (Gazieva, 2021). With internet access quickly increasing worldwide, the number of digital consumers keeps growing yearly. In 2019 Europe was the third largest e-commerce market (Jílková, 2021). One year later during the pandemic, over two billion buyers purchased goods or services online (Coppola, 2021a).

Retail e-commerce sales worldwide exceed over third as much in 2020 with $4.28 trillion compared to 2014. Revenues are projected to grow to $6.39 trillion in 2024 (Chevalier, 2021). Amazon.com was the most visited online retail website worldwide in 2020 with over 3.6 billion visitors, followed by eBay.com with 1.01 billion visits on average monthly (Clement, 2021).

2.1.2 E-commerce trends during the COVID-19 pandemic

The COVID-19 pandemic is a result of the infectious SARS-CoV-2 virus that arose in December 2019 in Wuhan City of China. The virus infects the lower airway, and commences severe illness such as pneumonia, bronchitis. Most people that are infected experience a mild to moderate respiratory illness depending on former health conditions, age and vaccination status (WHO, 2021). The global pandemic has changed e-commerce dramatically with an additional 10% in revenue growth in Europe in 2020 (Jílková, 2021; Coppola, 2021b). Businesses and end consumers were faced by a lot of uncertainty such as income decline, travel restrictions, global lockdown and social distancing (Alessa, 2021). As going to physical stores became more and more restricted or not even possible in some cases, consumers were forced to purchase more online. Causing online sales to rapidly rise (Dannenberg, 2020). The B2B sector, manufacturers and sellers, were faced by the need for transformation during the period of the pandemic. They were forced to reduce marketing and production costs and find new suppliers (Wanasida, 2021; Borodin, 2019). The economic crisis resulting from the COVID-19 pandemic has become a powerful trigger which fueled business digitalization. The worldwide quarantine restrictions emphasized on the primary benefits of e-commerce, such as better offerings, contact lessness, and scalability for businesses. The current trends in e-commerce are all about security and convenience. The drastic shift of people's shopping behaviors online has affected all main e-commerce subsectors.

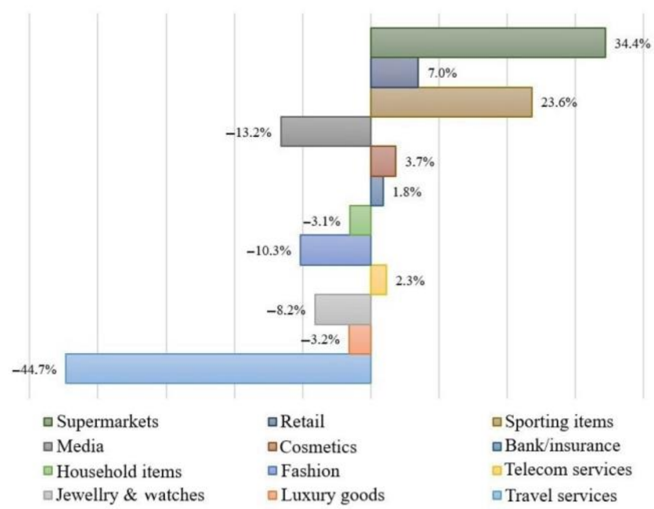

Figure 1: Effects of COVID on global e-commerce by industry. Estimated average percent change in web traffic - October 2020 until January 2021 (Contentsquare, 2020; Coppola, 2021b)

Graph 1 shows the estimated average of the effect COVID-19 had on web traffic by industry. Given the data the travel industry was hit the hardest. Those companies encountered a 43.7% decrease in traffic, while other industries suffered significantly smaller losses. Media companies experienced an estimated loss of 13.2%, and the fashion industry faced a 10.3% drop in traffic. Even retailers of jewelry and watch brands, luxury goods, and household items saw a better traffic situation, with losses of 8.2, 3.2, and 3.1%, respectively (Gu, 2021). Supermarkets, on the other hand, enjoyed a 34.4% rise in web traffic, opening an opportunity for many quick-commerce companies in the food sector (Gu, 2021; Gielens, 2021: p. 158). At the same time, Internet users became more interested in sports equipment, retail services, beauty products and cosmetics, and financial services, with an estimated percent change of 23.6, 7, 3.7 and 1.8, respectively, given the quarantine rules (Gu, 2021).

According to the research by Gu et. al, the online shopping behavior was strongly influenced by a change in Consumer Awareness and Experience during the different waves of the pandemic in 2020. The results of various studies indicate that with the start of the coronavirus and its restrictions, e-commerce and customer behavior around the world was influenced. The desire to feel safe at home in combination with the government restrictions, survey respondents preferred to shop online. Therefore, online shopping has become an integral part of people's consumer culture (Jílková, 2021; Gu et. al, 2021). Not only the sales numbers changed, but also the payments, ways of delivering goods and services and to some extent the profile of customers changed to an older generation given the infection risks during the pandemic (Jílková, 2021).

2.1.3 The e-commerce marketplace Amazon

The founder of Amazon, Jeff Bezos, noticed back at the beginning of his career the 2,300% annual growth of the internet. He was trying to leverage this potential by initiating a new era of retail services (Zhu et. al, 2017).

In July 1995 he launched the website Amazon.com after brainstorming and grasping the demand for books. He emphasized on huge discounts and wide assortment of the offered product portfolio and therefore put a focus on customer benefits right away (Stone, 2019). Shortly after the launch Amazon was selling books to over 45 countries other than the United States. After two years of successful growth Amazon completed a successful initial public offering (IPO) with one million customers. Amazon started to strategically buy other companies and make alliances to further expand the product and service offerings. The acquisition of jungle.com, for example, made it possible for Amazon to utilize technology on their own website, tracking active users as they browsed products and showing related or complementary products that could be of interest (Rothaermel, 2017). After the product portfolio expansion, they also expanded to the UK and German marketplace in October 1998, and supported the further growth by building their own fulfilment centres in the US and in their new markets. Those fulfilment centers already used a computer network algorithm in order to distinguish the best route for pickers to navigate the complex system of products and shelves (Zhu et. Al 2017).

Amazon used its know-how from a failed launch of online auction market and created Amazon zShops, which later became Amazon Marketplace. It was supposed to provide other sellers with the opportunity to list their products directly on Amazon, next to the company's own products. The marketplace became a very important part for Amazon and third-party sellers (Fries, 2017). The e-commerce giant kept on growing by signing contracts with large department store chains that wanted to include their product variety on Amazon (Rothaermel, 2017). In 2005, Amazon Prime was introduced, which has been a success until now, offering an exclusive yearly membership to enjoy fast and "free" shipping for every single order. The Amazon Prime offering underwent a lot of changes like the addition of music- and video-streaming (Stone 2019).

Amazon Web Services (AWS) was launched in 2006, providing cloud computing services for other companies. 10 years later AWS had the biggest market share (31%) of that sector, followed by other tech giants like IBM, Microsoft and Google, which altogether only accounted for 22% market share (Rothaermel 2017). Next to disrupting the food retail (Fries 2017) Amazon also developed the technical solution for storing and reading books on an electronic device, called Kindle (Zhu et. Al, 2017). More product innovations such as the Amazon Echo with its popular built-in "Alexa" (Fries 2017).

Despite the economic crisis in 2009 Amazon's sales volume of the online market rose by 11 percent (Rothaermel 2017). At this point in time Amazon no longer just functioned as a third-party platform, but also increasingly started to offer its own brands, which impacted other e-tailers using the sales channel.

Nowadays Amazon is present in the largest countries worldwide. In North America - United States, Canada and Mexico, in South America - Brazil, in Europe - Germany, United Kingdom, France, Italy, Spain, Poland, Netherlands and since last year Sweden, Middle East - United Arab Emirates, Saudi Arabia, Asia-Pacific - Australia, Japan, Singapore, Turkey, India, China. Amazon is steadily expanding to new marketplaces (Stummeyer, 2020: p.12; Bauer, n.d.; Neigenfind, 2019).

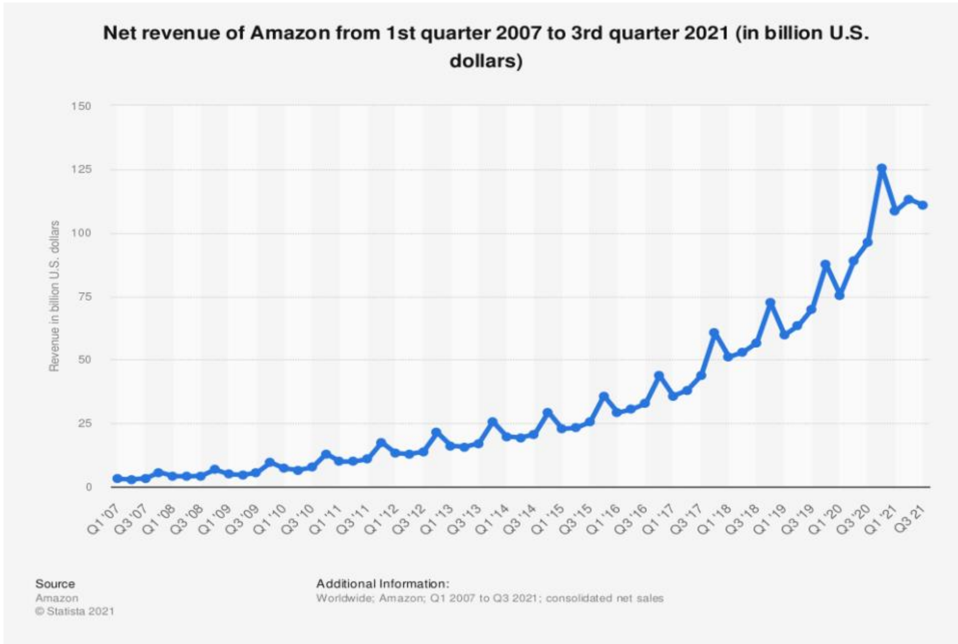

Figure 2: Net revenue of Amazon from 1st quarter 2007 to 3rd quarter 2021 (in billion U.S. dollars)

During the fourth quarter of 2020, Amazon generated total net sales of approximately 125.56 billion U.S. dollars, surpassing every prior achieved revenue. The majority of Amazon revenues were via net product sales (Coppola, 2021c).

Worldwide the marketplace has 6.4 million total sellers, with 1.5 million active sellers and over 518,000 new sellers that joined Amazon (Marketplacepulse; 2021b).

Figure 3. Number of Amazon Sellers (Marketplacepulse; 2021b)

The seller model enables Third Party Sellers (3P) to sell goods, of which they are manufacturers or distributors, to customers via the Amazon Marketplace. The seller itself can make decisions on pricing and listing structure, as well as whether goods are being shipped by seller via Fulfillment by Merchant (FBM) or through Amazon via Fulfillment by Amazon (FBA). In the seller model, the seller remains the owner of the goods until a customer purchase is made. The Marketplace itself is used as a sales channel. The Seller Central (SC) is the interface for sellers in order for them to track when customer orders have been made and by whom. This is used, among other things, to issue an invoice to the customer, as this is not done automatically by Amazon. Sellers are also required to respond to customer inquiries within 24 hours. In addition, quality standards must always be kept high in order to continuously achieve a positive overall image in terms of merchant reviews. To boost sales, sellers have the option of advertising products or even entire brands on the platform by using PPC marketing (price-per-click). This way products and brands are being displayed more prominently to customers on the search results pages. Internationalization by expanding the business field to other marketplaces can be done independently and does not have to be approved by Amazon (Stummeyer et.al, 2020: p: 38ff.).

Benno Köber discusses the pros and cons of taking advantage of the FBA-offer as a seller. He comes to the conclusion that each seller has to individually assess whether it makes sense for their business and product portfolio (Stummeyer et.al, 2020: p. 373). Almost 83% of the top Amazon.com sellers use Fulfillment by Amazon (FBA) and therefore rely on Amazon to outsource warehousing and order-fulfillment. The Amazon program FBA allows sellers to offload most of their warehouse operations to Amazon for an additional fee. Sellers using FBA are benefited by the preferential treatment in buy-box rotation, and two-day Prime shipping as when buying from Amazon itself. Third-party sellers can even use the FBA program to sell on other platforms as well, such as eBay or their own websites (Marketplacepulse, 2021c).

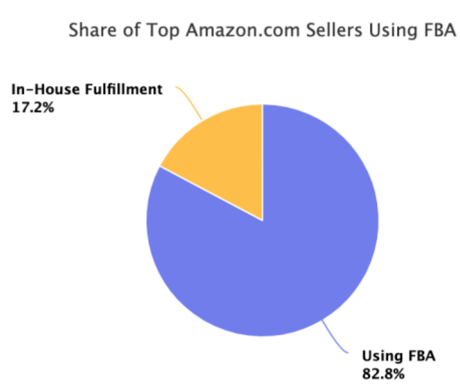

Figure 4: (Marketplacepulse, 2021c)

Multisided platforms (MSPs) like Amazon or Alibaba seem to exploit and commoditize their sellers in many different ways, such as attracting more potential sellers and driving up the price competition. They've also raised fees and changed rules for product visibility, now requiring additional advertisement spent by the sellers. In the past Amazon has been accused of possible abuse of their market and are being investigated by antitrust regulators and authorities. Apparently, they used 3P seller data to launch competing products (Hagiu et. al, 2021).
On the one hand, previous literature shows positive effects when companies cooperate with a platform owner, mainly because they get access to the platform's infrastructure and customers (Claussen et. al, 2013; Venkatraman et. al, 2004; Zhang et. al, 2010). Though, some studies show threats and dependencies that could arise through cooperation with platform owners (Huang et. al, 2013; Zhu et. al, 2018). On Amazon, sellers not only compete with other 3P sellers but also with the platform itself. In the past researchers already found out that Amazon uses data from its marketplace sellers to identify attractive product segments. In some cases, Amazon enters this specific segment and displaces the smaller retailers through the prominent placement of its own products (Zhu et. al, 2018). Even though the easy and fast access to online platforms enable sellers to quickly launch new products and on a global scale (Jin et. al, 2018) they face the risk of uncertainty over success of new product launches due to a lack of product history and the lack of trust-building (Bunduchi, 2017; Schoonhoven, 2015). In addition all products on digital marketplaces are constantly dealing with new competition (Geroski, 1995). Whereas, existing products have to continuously face the low entry barriers for new products and the corresponding possible threats from new, competing products (Lee et. al, 2000; Redmond, 2013). A lower level of integration allows sellers to keep more control over individual steps in the value chain. Though it also increases uncertainty about the success of a product, as platform-specific advantages may disappear (Venkatraman et. al, 2004) e.g., PPC marketing.

2.2 Roll-Up Business Model

Roll-up Strategy or in HBR article by Hagiu & Wright defined as "go-broad strategy", is something that is not only for big enterprise but also for small to medium-size sellers on MSPs. It's about exploiting certain MSP features to generate economies of scope across a few products (Hagiu et. al, 2021).

2.2.1 Definition of Roll-Up Strategy

The roll-up strategy is not a new concept, it has existed for some time. Historically, in the offline world roll-ups have much higher multiples (Gregory, 2021). The roll-up business model is generally defined as a strategy of acquiring other smaller businesses to build one larger firm in a relatively short time period (Nead, n.d.; Baadsgaard, 2021). There are different reasons to follow the roll-up merger such as increasing a company's market share in the current market or with the idea to build multiple revenues flows across various markets with established products (Baadsgaard, 2021). This way you increase the purchase power, lower capital cost, establish a better brand recognition and powerful advertising. Roll-up mergers, if not done properly, might not achieve the desired profitability. As Carroll & Mui described back in 2008, "more than two-thirds of roll-up companies have failed to create value for investors".

Some of the most common mistakes that lead to failures of roll-ups are not being able to achieve economies of scale, to improve the company's cost of capital, keeping up with the fast pace of acquisition that is required, as well as integrating the new acquired businesses (Carroll et. al, 2008). If the buyers pay too much or rush the deal by e.g doing insufficient due diligence (Johnson, 2012). In addition, a roll-up business has to deal with cultural and operational matters and a new consumer base (Carroll et. al, 2008; Chen, 2019). Consistent profitability is not being worried about, as investors only look at revenue given the challenge to interpret profitability at an early stage of a roll-up. As a result, operating costs are rising, as well as multiples due to the fact that sellers are aware of their opportunity to sell. In the end roll-up mergers often fail to consider difficult times and forget to calculate and prepare for that inevitable risk. In case companies are purchased with stock, the share price needs to stay up to keep the acquisition running. If roll-ups purchase with cash, debt decreases (Carroll & Mui, 2008). So in case a market is lacking big players and the current competitors are too small to achieve economies of scale, the market is fragmented and presents an opportunity for investors to focus on consolidation of existing smaller companies (Chen, 2019; Goedhart et. al, 2017).

2.2.2 From traditional to digital M&A deals

On the one hand companies are in a world characterized by volatility, uncertainty, complexity, and ambiguity. On the other hand, there are positive sides. The economy has benefited from the economic upswing and extremely low interest rates. There are numerous new opportunities for companies to gain competitive advantage by responding quickly to trends, building on digitalization, and fostering innovation. In the last year, so-called “scope deals”, which primarily serve to accelerate growth and expand know-how, became more important than “scale deals”, which tend to achieve economies of scale (Buschmann, 2019: p.18f).

Financing digital deals tend to be expensive and need to be executed at the right valuation, while signaling the market that the digital deal is part of a series of digitization steps. Adapting payment terms for acquisitions such as earn-outs is the second thing to think about. In comparison to traditional M&A deals the due diligence for digital assets is much more complex and needs to consider future timeframes, always trying to evaluate the potential success. Also, the integration of digital companies is sophisticated (Leroi, 2017).

The combination of opportunities deriving from digital transformation and the high liquidity in the markets increase the importance of M&A activities for corporate success. In the last decade, the volume of strategic M&A transactions (deal value) has increased around 60 percent (Buschmann, 2019: p.18f). Therefore, there is a high potential that companies in all industries will look at M&A, due to the ever more intensifying digital disruption (Leroi, 2017).

2.3 The rise of Amazon Aggregators

2.3.1 Definition and background

More and more firms seem to be adopting the so-called roll-up strategy on the marketplace Amazon (Hagiu et. al, 2021).

It almost seems like Amazon seller aggregators, meaning firms acquiring already successful brands that sell on the marketplace Amazon, came out of nowhere in 2020. The market burst was all of the sudden fueled with capital (Marketplacepulse, n.d.). Large investors were putting in their capital into these aggregators and still actively contribute to each additional funding round. Most likely because of the full access and control over the acquired assets immediately combined with the unique growth strategies for each brand. This way investments are much more predictable and the return on investment (ROI) is much higher and faster than traditional investments (Swigunski, 2021).

This business model was firstly approached by Thrasio, the biggest Amazon aggregator as of now (Marketplacepulse, n.d.).), back in 2018 by Carlos Cashman and Josh Silberstein. After the unicorn announcement by Thrasio in July 2020 and them raising over 500 million dollars, entrepreneurs all over the world became aware of the promising market opportunity (Gardt, 2020; Herman, 2021). A month later Amazon-native brand anker went public on the Shenzhen Stock Exchange

(Marketplacepulse, 2020a). This is when the raise over capital, acquisitions of Amazon brands and talent within the ecosystem began (Gardt, 2020).

Amazon Aggregators acquire other 3P sellers, use their expertise and build efficient processes around the MSP features and therefore taking advantage of economies of scope. By sharing best practices across internal operations about pricing, product development, advertising and listing creation aggregators are leveraging expertise. In addition to economies of scope they also exploit economies of scale in advertising spending on Amazon and shipping (Hagiu et. al, 2021).

Aggregators like Thrasio, that were founded and capitalized specifically to utilize the economies of scope available on large MSPs, prefer to go broad (Hagiu et. al, 2021).

2.3.2 Current market overview

After the market burst in 2020, currently (December 2021), there are 88 active Amazon aggregators worldwide. The companies following the aggregator business model have made it their dedication to grow the acquired businesses (Marketplacepulse, 2021d).

Figure 5: Cumulative Capital Raised by Amazon Aggregators (Marketplacepulse, 2020b)

Fortunet, an investment bank in the e-commerce mergers and acquisitions (M&A) market, published a survey in October 2021 conducted among 42 companies that utilize the roll-up strategy of Amazon businesses. The survey, conducted in June 2021, does not disclose the names of aggregators that were part of it and solely states that “the largest and leading buyers” participated. Other active buyers like venture capital firms, private buyers or equity firms were excluded from the survey. The majority of the participating aggregators were founded in 2020, and very few the prior years before the market boom (Fortunet, 2021: p. 5).

Based on the survey's answers the Amazon M&A cumulated market volume is going to exceed a thousand acquisitions next year, still portraying a highly concentrated market lead by 18% of the Aggregators (Fortunet, 2021: p. 3). 61% of the aggregators prefer a full acquisition of the businesses rather than a partial investment (37%). The size of the acquired company and therefore the required involvement by the previous owner post-acquisition can play a very important role when it comes to deal structure. Fortunet points out that VCs and Private Equity are especially fond of partial acquisitions, given that they provide the aggregators with capital, this could very well be an upcoming trend (Fortunet, 2021: p. 18). The buyers in the market repeatedly give sellers a shared deal (41%), by offering to receive stock and therefore achieve a discounted deal price (Fortunet, 2021: p. 21). Post-acquisitions the aggregators focus on growing and holding the purchased companies rather than buying them to flip them shortly afterwards (Fortunet, 2021: p. 29).

In 2021 Amazon aggregators raised a cumulated $12 billion in equity and debt financing, whereas in the year before they raised around $1 billion. The top 6 aggregators, Thrasio, Berlin Brands Group, Perch, Heyday, SellerX and Razor Group raised over $7 billion and account for more than 55% of the overall capital raised. Although the headquarters location is of no importance, most of them are based in the United States, the others are spread over 20 different countries (Marketplacepulse, n.d.).

Another development in the industry seems to be the trend of aggregators buying other aggregators. In September 2021 Berlin Brands Group took over Orange Brands, a small acquirer of e-commerce and direct-to-consumer brands in Europe (BBG, 2021). Just three months later SellerX bought KW-Commerce, an international e-commerce company with various own brands that are being sold on Amazon (Holzki et. al, 2021; KW-Commerce, 2021). Though they are not necessarily considered as one of the big aggregators in the market, they are one of the ten biggest sellers on Amazon. This merger makes SellerX a unicorn, like the two major competitors Berlin Brands Group and Razor Group from Germany (Holzki et. al, 2021).

E-commerce Analysts from Marketplace Pulse state that the sudden presence of aggregators has contributed to increasing seller valuations, which seems to be a normal development given the fast growth of this particular industry (Marketplacepulse, n.d.; Marketplacepulse, 2021e).

3. Research method

In this chapter, the research methodology will be briefly illustrated and discussed in order to answer the research questions.

3.1 Methodical procedure / Research approach

This master thesis is a qualitative study. The first part of the thesis' research consisted of a traditional literature review of previous academic publications on e-commerce during the pandemic, M&A deals changing from traditional to digital, as well as the up- and downsides of the roll-up business strategy. In addition, recent literature is referred to in order to consolidate information on the new topic Amazon aggregator. The second part of the thesis' research follows Saunders research onion. The first methodological approach is distinguished according to the research philosophy and describes the set of beliefs that the study is built upon. This study focuses on the philosophy of interpretivism, focusing on people's thoughts and ideas. Out of the two approaches to answering research questions, inductive and deductive, the inductive approach has been applied. With the help of expert interviews, the knowledge extracted from the existing literature is being expanded and formed into a unified form. With the grounded theory as a research strategy the data is informing about the development. This is typically for qualitative research and taking an inductive approach (Saunders et al., 2009). Qualitative research is used in this study to conduct the data collection. In this regard, expert interviews were used to collect relevant information (Nagel & Meuser, 2009).

3.2 Interviews

Chapter 3.2 consists of a description of the practicalities of the five conducted interviews and a short review of the backgrounds of the interviewees in chapter 3.2.1. Finally, the results of the interviews are described in detail.

3.2.1 Description of the data

The empirical data of this thesis consists of five interviews held with employees from three different aggregators, which headquarters are based within Europe. All in all, I approached six employees through my network in the specific niche. Out of the six approaches, five consents to interviews were received. However, only five interviews were conducted due to the time limitations of the aggregators, as well as the scope of the thesis. Four of the interviews were conducted in

November 2021, the last one in early December with a duration of approximately 30-90 minutes each.

Table 1. Backgrounds of the interviewees

Interviewee	Job title	Amazon/D2C Experience (years)	Company	Total funding	Brand Portfolio Size
Michelle Steiger	Brand Manager	4	factory14	$200m	undisclosed
Gabriel Gomez	M&A Brand Manager	5	Berlin Brands Group	$1.3b	45+
Marvin Spangenberg	SEO & Content Lead	>5	Berlin Brands Group	$1.3b	45+
Jonas Diezun	Co-Founder & Managing Director	>10	Razor Group	$572m	60+
Shayan Zakerzadeh	Head of China Acquisition	>3	Razor Group	$572m	60+

In the table above the interviewees, their job titles and experiences with Amazon/direct-to-consumer (D2C) as well as their aggregators, the companies' funding and their brand portfolio until now are listed. As observable in table 1, all of the interviewees have at least 3.5 years' experience in the Amazon and/or D2C sector within e-commerce. The job titles vary from Manager to Managing Director, but all of the interviewees are in relevant positions with respect to the evaluation of indicators, differentiation factors and the corresponding chances and risks for aggregators. Furthermore, four out of the five interviewees have built D2C and/or Amazon brands in the past and two have already experienced a successful exit. In total, three aggregators are represented by the interviewees though given the fact that the two market experts from Razor Group and two market experts from Berlin Brands Group each work in different departments they give other valuable insights and contribute to the research.

The first interviewee is Michelle Steiger, Brand Manager at factory14, a Luxembourg based aggregator founded in May 2021. Prior to joining the aggregator industry, she co-founded two Amazon brands coming straight out of university. In the end of 2019, she made her first exit with one of the brands. Until now she is working one her Amazon brand in the home & living category and still developing products along with her full-time job (Michelle Steiger, Zoom Call 09.11.2021).

The second interviewee is Gabriel Gomez, M&A Brand Manager at Berlin Brands Group, the second biggest Amazon aggregator. He used to work as Senior Brand Manager and has co-founded two Amazon brands in the past. While working at Berlin Brands Group he keeps continuing to work on one of the brands that is being sold in the US market. Gabriel holds a Master of Science in International Business (Gabriel Gomez, Zoom Call 11.11.2021).

The third interviewee is Marvin Spangenberg, SEO & Content Lead at Berlin Brands Group. He used to work for Razor Group as Brand Manager for about one year, where he was managing two brands from the companies' portfolio. Prior to his aggregator experience he worked for two direct-to-consumer brands and was responsible for the sales channel Amazon as E-commerce Manager. Marvin holds a Bachelor of Science in Management and Logistics (Marvin Spangenberg, Phone Interview 12.11.2021).

The fourth interviewee is Jonas Diezun, Managing Director and Co-Founder at Razor Group, the sixth largest Amazon aggregator. He recently founded two direct-to-consumer businesses, Radice and Franksmile. Prior to Jonas founder's experience he was CMO at Konux, worked at McKinsey & Company and graduated in the top 5% of his master class at TU Munich (Jonas Diezun, Face-to-Face Interview 16.11.2021).

The fifth interviewee is Shayan Zakerzadeh, former Head of China Acquisitions at Razor Group now Growth Projects Lead in the Operations department. Prior to pandemic he started his own Amazon brand in different categories along with his studies at the Frankfurt University and gained over 3.5 years of Amazon seller experience (Shayan Zakerzadeh, Phone Interview 07.12.2021).

3.2.2 Results

In relation to the first research question, six important indicators were distinguished in the interviews. Out of the six indicators, four were mentioned by more than two interviewees. That is, Thrasio's unicorn announcement in July 2020, the sudden interest of Venture Capitalists, Amazon as a functioning marketplace and the benefits of the roll-up strategy were brought up in the interviews more frequently than the other criteria.

Table 2. Most important indicators for the rise of Amazon aggregators.

Indicator	**Michelle Steiger**	**Gabriel Gomez**	**Marvin Spangenberg**	**Jonas Diezun**	**Shayan Zakerzadeh**
Thrasio Unicorn Announcement	x	x	x	x	x
Interest by VC’s / capital raised	x	x	x	x	x
Pandemic and the growth of Amazon				x	x
Amazon as already functioning marketplace	x	x	x		
Benefits of roll-up strategy		x	x	x	
Anker going public					x

All of the interviewees mentioned the Thrasio unicorn announcement and the interest by VC’s and the corresponding capital raised as the two most important indicators. Three out of five mentioned the benefits of the roll-up strategy as an indicator for the rise of Amazon aggregators within the last year (Gomez, G.; Spangenberg, M.; Diezun, J.). Spangenberg points out that the roll-up strategy is nothing new. What is new about it, is that it not only takes place with digital companies but with specific focus on the marketplace Amazon (Spangenberg, M.). Another indicator mentioned by more than half of the interviewed market experts was the fact that Amazon is already a well-functioning marketplace (Steiger, M.; Gomez, G.; Spangenberg, M.). Amazon is conceived as an environment for small startup brands to grow and develop by offering services such as FBA and the platform in itself (Gomez, G).

“Due to the already existing traffic and the clear buying intention of customers on Amazon it is fairly easy to start a business. Furthermore, it takes away some of the biggest pain points of startups at the beginning – logistics and an online-presence. This enabled innovative entrepreneurs to start a business with a clear focus on the products even in niche areas instead of worrying about

the other parts of a business that would be more important in a traditional retail business"- (Spangenberg, M)

Other important criteria such as the pandemic's contribution to the growth of the marketplace Amazon were not as commonly mentioned in the interviewees (Diezun, J.; Zakerzadeh, S.), then cited in the literature (Jílková, 2021; Statista, 2021). The fact that the Amazon native brand Anker made an IPO in the end of August 2020 (Marketplacepulse, 2021d), seems to be of no big importance to the interviewed market experts and was only briefly mentioned by Zakerzadeh.

In regards to the first part of the second research question, seven differentiation factors were distinguished in the interviews. Out of the seven differentiation factors, three were mentioned by more than two interviewees. The factors: capital raised, integration of bought assets and the operational capability were brought up more often than the others.

Table 3. Most viable differentiation factors for companies that follow the Amazon Roll-Up Strategy (in general and on an aggregator level)

Differentiation factors	Michelle Steiger	Gabriel Gomez	Marvin Spangenberg	Jonas Diezun	Shayan Zakerzadeh
Capital raised	x	x	x	x	x
Integration		x	x		x
Operational Capability			x	x	x
Team Structure	x				
Future Analysis		x			
Own logistic operation			x		
"Corporate" Identity				x	
Tech & Analytics				x	x

With no doubt all of the interviewees agree that the raised capital is one of the most important differentiator factors in the aggregator environment. Due to the fact that raised capital gives you a solid amount of press, you attract talent and sellers in the market. It contributes substantially to a company's operational capability (Diezun, J).

"You would sell to the one that has good operational capability because of the liquidity of those aggregators, rather than having your large payment delayed or tied to future profits as a seller."

- (Diezun, J)

None of the specific and direct differentiation factors of aggregators itself were mentioned by more than one aggregator. For Berlin Brands Group, the future analysis made by the integration team pre-acquisition (Gomez, G) and their own logistic operation (Spangenberg, M) are their differences in comparison to other aggregators. For factory14, the team structure itself is the key difference. As other aggregators seem to be looking for talent that is driven rather than experienced, factory14 is building and structuring a team on experience and proven ways (Steiger, M.). Razor Group is setting its key differentiations on Tech & Analytics, trying to automate as much as possible and to rely and build on data (Zakerzadeh, S; Diezun, J.).

In relation to the second part of the second research question, four out of the five interviewees mentioned factors within the acquisition process and operational risk as crucial for aggregators. Though operational risk is a very broad identified risk I will follow up with an explanation what each interviewee meant by that. In addition another four out of the five experts clearly see the platform Amazon as a risk itself given the high-dependency that sellers and in their cases aggregators have. In addition two more risks were distinguished, financial risks and the industry development.

Table 4. Most critical risks for aggregators

Risk for aggregators	**Michelle Steiger**	**Gabriel Gomez**	**Marvin Spangenberg**	**Jonas Diezun**	**Shayan Zakerzadeh**
Acquisition		x	x	x	x
Operational	x	x	x	x	
Amazon	x	x		x	x
Financial	x		x		x
Industry development	x			x	

As acquisition risk Gomez mentioned the high multiples that need to be paid in order to acquire a business (Gomez, G). Pre-Covid, when Thrasio was buying for a 1.8x multiple, whereas now the multiple dramatically rose and it is getting more difficult to fulfill your portfolio. With the low multiple that Thrasio first bought their assets they can now put more and more expensive assets on top of it (Diezun, J.; Zakerzadeh, S.). All interviewees agree upon the fact that an in depth due diligence can contribute a lot to distinguishing good quality assets from bad ones.

After the acquisition process the operation of the brands continues. Steiger emphasized on the risk that bureaucracy within the company can slow down brand managers, leading the assets. Even though the aggregators are executing fast, a lot of different parties are involved (Steiger, M.). Gomez sees an overall operational risk when it comes to the aggregators, since there is a lot of work necessary in handling the newly acquired businesses as good as the previous seller - or in best case, better than before (Gomez, G). Spangenberg even talks about an overload of the operational team due to the acquisition speed (Spangenberg, M).

“... in this market time will give you experience.” - Gabriel Gomez

One of the most critical risks for aggregators given the interviews is Amazon as a sales channel itself. Four out of five interviewees mentioned this factor in detail when talking about the risks within the new emerging market. Given that Amazon is constantly changing the rules, sellers seem to not be in control (Steiger, M.; Zakerzadeh, S.). The rising marketing costs on Amazon makes business less profitable for sellers. Diezun brought up the fact that back in the day the Customer

Acquisition Cost (CAC) for sellers were at 15%, in order to make people find your products. Whereas now Amazon added an additional 10% of Advertising Cost of Sales (ACoS). Suddenly a seller's marketing spend is no longer at 15% but at a total of 25%, which accounts for a 67% increase in marketing spend. With the rise of more and more individual sellers and aggregators there are more people bidding on PPC. But not only are marketing costs increasing, also the storage fees of Amazon for Q4 in 2021 are higher than ever before and sellers face margin risk (Diezun, J).

An additional risk worth mentioning for three out of the five market experts interviewed is the financial risk for aggregators. Steiger described it as cash-flow risk where it is hard to balance between a lot of inventory and supplying the brands, while trying to keep up a healthy cash-flow. Especially keeping up the profit margin as the previous sellers had it and trying to stabilize the company (Steiger, M.). Also Spangenberg points out the risk of unprofitableness due to the multiple increase of the competition in the aggregator industry (Spangenberg, M). Having been strongly involved in pre-analysis of acquiring a brand Zakerzadeh identifies the portfolio leverage with the previously mentioned increasing multiplies as the worst risk for aggregators (Zakerzadeh, S.).

The industry development as a risk for aggregators were various things that were mentioned by the interviewees. The main focus here was the supply chain risk post-covid given the growth of e-commerce. Steiger talked about a general price development issue in logistics and furthermore in the product price itself, whereas Diezun pointed out the global logistics issue in the next six months (Steiger, M.; Diezun, J.).

Spangenberg talked about the maturity of the acquisition market in the FBA area and that there used to be only a few options like brokers, such as Dragonflip, to sell your FBA business (Spangenberg, M). Besides that Gomez mentioned that the industry is more and more about software B2B solutions, emerging seller communities through events sponsored by aggregators and overall Amazon experience (Gomez, G). Sellers have become more sophisticated, spend more time on selling their business and have advisors now (Diezun, J.). Valuations and earn-out-structures have changed and aggregators need to think of better packages for sellers (Zakerzadeh, S.).

When interviewing the market experts almost four questions were indirectly there to find out more about the future development of the emerging market opportunity and the linked chances. All of the interviewees see a market consolidation happening in the upcoming five years (Steiger, M.; Gomez, G; Spangenberg, M.; Diezun, J.; Zakerzadeh, S.). Especially when it comes to the newest trend of aggregators buying aggregators there is much potential for using synergy effects of M&A. This way achieving an initial public offering (IPO), which has been considered as a successful exit by three interviewees (Gomez, G.; Zakerzadeh, S.; Steiger, M.). With the rise of B2B solutions focusing on tech required for running multiple brands Spangenberg and Gomez talk about a secondary market of service providers unfolding (Gomez, G.; Spangenberg, M.).

4. Conclusion

In the last chapter a summary and discussion related to the market insights from the literature and interviews is presented. An outline of the goals of this study is together with a short discussion of the research questions and interpretation of the findings. This is followed by a limitation analysis of the research, including the discussion of reliability and validity of the study. Followed by the suggestion for future research.

4.1 Summary and discussion of market insights

The purpose of this study was to explore and give further insights to the most important indicators for the rise of Amazon aggregators, as well as to find out the differentiation factors and corresponding chances and risks. The first research question was as follows:

What are the most important indicators for the rise of Amazon Aggregators within the last year?

Not surprisingly, all of the four most mentioned indicators in the expert interviewees were the same that previous literature had suggested to be the most important. It is clear to see that Thrasio's unicorn announcement in 2020 seemed to function as a kickoff for the emerging market. The sudden interest of Venture Capitalists fueled by the functioning business model and the fact that Amazon is an already functioning marketplace are indicators that go hand in hand according to the literature and the experts. The fourth indicator being the benefits of the roll-up strategy were equally important. Given the literature review the pandemic's contribution to the growth of e-commerce and Amazon itself was surprisingly not as frequently mentioned by the experts. This can very well be due to the fact that the other named indicators are of greater importance for the actual rise of the aggregators. As mentioned by e-commerce analysts Marketpulse that Anker successfully made it to an IPO was only brought up briefly by one out of the five experts. Given the fact that the announcement of Anker's IPO was at the end of August 2020, when the top six aggregators as of now already set a foot into the market, it doesn't seem to be of high relevance. Even though one of the aggregators interviews (factory14) is not within the top six aggregators this had no impact on the decision of factory14's market entry.

The second research question of the study was formed as follows:
What are the differences between the aggregators? What are the corresponding chances and risks for the Amazon roll-up companies found in previous literature and described by the aggregators?

As for the differentiation factors the raised capital seems to be a clear characteristic given the literature and interviews due to the fact that this is disclosed to the public. Integration of the assets is a very important factor when it comes to execution, while the literature has understood this not all of the market experts seem to think of this factor as viable when it comes to differentiation. The better and faster a company is integrated into the new environment the more promising the outcome seems to be. The operational capability is one of the most common differentiation factors for companies in general. In this empirical research it seems like that the factor is too broadly understood and therefore very dependent on information publicly available. As of the specific differentiation factors for each of the aggregators itself none were mentioned by more than one aggregator. Resulting in the conclusion that each of the aggregators have their own value proposition with their special characteristics. Though the very broad answers that were received when asking this question, as well as looking into literature can be traced back to the assumption that the market is too young to make a statement about differentiation and that aggregators don't want to show their strategy going forward.
The presence of more and more Amazon aggregators has contributed strongly to seller valuations increasing enormously since the rise in 2020 given the literature and the experts. The right due diligence plays a crucial part and time is educating the market and its players. Even though the operational risk is very broad this has been noticed by most of the aggregators. They now rely on the synergy effects mentioned in the literature and count on valuable expertise in order to sustain in the market. The high dependency on Amazon illustrated in previous academic research and the conducted interviews emphasize on the fact that sellers not only benefit from an online platform like Amazon. According to the market insights there is a lot of capital available for startups and

especially for aggregators. Therefore, the financial risk mentioned in the interviews is very much directed to the individual companies acquired. On an overall portfolio level there seems to be a rather low risk, though expectations by investors need to be met to receive further funding rounds. Within the last year and a half there has been changes in the industry given the literature but also the interviewees agree upon this. The main goal all of these aggregators aspire to achieve is an IPO for the holding company. With the direction the market is taking at the moment a partial consolidation is likely to happen. This way companies are put together and use their individual strength to use resources more efficiently.

The industry more or less did not exist one and a half years ago. Since then, it attracted a total of capital worldwide, put in place nearly 100 aggregators, and has gained experience. Amazon aggregators are the most active acquirers of Amazon hosted companies. There is still a fair amount of uncertainty on the future of aggregators given the unpredictability of further development of the pandemic’s influence of e-commerce, Amazon's next moves and VCs aspiration.

4.2 Limitation Analysis

There are some limitations in this study in terms of reliability and validity. Reliability defines the consistency of the research, or the extent to which others would come up with similar observations, results, or conclusions. Validity refers to correctness of the study, that is, whether the research methods measure accurately what they are supposed to measure (Saunders et al. 2009).

In the context of differentiation factors of aggregators, the validity of the research is mildly threatened by the risk that the interviewed employees did not correctly recall their most important differentiation criteria. Also, to some extent having a blurred perception since working for one of the aggregators and having limited insights into competitors. The industry itself is not fully established yet and there is always new information coming out. Furthermore, reliability could be threatened by the actions of the researcher itself. There is a risk that the author did not precisely analyze the answers of the interviewees. Another limitation of the study emerges from the rather small sample size as only five employees from three different aggregators were interviewed. One aggregator, factory14, unfortunately is not under the top 6 aggregators.

4.3 Suggestions for future research

The subject of Amazon aggregators offers many interesting topics for further research, especially due to the fact that the market is in its early years. First of all, a study where all top 10 aggregators worldwide are involved would be interesting. Trying to focus and dedicate the questions to the specific strategy that each aggregator is following with respect to the different funding stories. In general, having more academic papers on this specific topic, or even a case study for educational purposes would be great for business enthusiasts.

Bibliography

Alessa, A.A.; Alotaibie, T.M.; Elmoez, Z.; Alhamad, H.E. 'Impact of COVID-19 on entrepreneurship and consumer behaviour: A case study in Saudi Arabia.' *J. Asian Financ. Econ. Bus.* 2021, 8, 201–210.

Baadsgaard, J. (2021) ,'Roll-Up Mergers & IPOs', IPOhub, Sep. 16th. Available at: https://www.ipohub.org/roll-up-mergers-ipos/ (Accessed: December 2nd, 2021)

Bauer, M. (n.d.) 'Amazon Marketplace Worldwide – The Complete Overview Of All Marketplaces'. Available at: https://sermondo.com/amazon-marketplaces-worldwide/ (Accessed: November 9th, 2021)

Borodin, A.; Shash, N.; Panaedova, G.; Frumina, S.; Kairbekuly, A.; Mityushina, I. 'The impact of the publication of non-financial statements on the financial performance of companies with the identification of intersectoral features.' *Entrep. Sustain. Issues* 2019, 7, 1654–1665.

Bunduchi, R. (2017) 'Legitimacy-seeking mechanisms in product innovation: A qualitative study', *Journal of Product Innovation Management*, 34(3), 315–342.

(Buschmann, 2019: p.18f) - *Stumpf-Wollersheim, J./Horsch, A. (Hrsg.) (2019): Forum Mergers & Acquisitions 2019 - Beiträge aus rechts- und wirtschaftswissenschaftlicher Sicht, Wiesbaden. SpringerProfessional.de*

Carroll, P. & Mui, C. (2008) 'Seven Ways to Fail Big', *Harvard Business Review*, Sep. Available at: https://hbr.org/2008/09/seven-ways-to-fail-big (Accessed: November 9th, 2021)

Chen, J. (2019) 'Roll-Up Merger', *Investopedia*, April 11th. Available at: https://www.investopedia.com/roll-up-merger-definition-4683958 (Accessed: November 3rd, 2021)

Chevalier, S. (2021) 'Retail e-commerce sales worldwide from 2014 to 2024', *Statista*, Jul. 7th. Available at: https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/ (Accessed: December 9th, 2021)

Claussen, J., Kretschmer, T., & Mayrhofer, P. (2013). 'The effects of rewarding user engagement: The case of Facebook apps'. *Information Systems Research*, 24(1), pp. 186–200.

Clement, J. (2021) 'Most visited online retail websites worldwide in 2020, by average monthly traffic' *Statista*, Oct. 19th. Available at: https://www.statista.com/statistics/274708/online-retail-and-auction-ranked-by-worldwide-audiences/ (Accessed: November 2nd, 2021)

Goedhart, M.; Koller, T. & Wessels, D. (2017) 'The six types of successful acquisition', *McKinsey & Company*, May 10th. Available at: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-six-types-of-successful-acquisitions (Accessed: November 3rd, 2021)

Contentsquare (2020). Available online: https://contentsquare.com/ (Accessed: October 26th, 2021)

Coppola, D. (2021a) 'E-commerce worldwide – statistics & facts', Statista, Oct. 27th. Available at: https://www.statista.com/topics/871/online-shopping/#dossierKeyfigures (Accessed: November 2nd, 2021)

Coppola, D. (2021b) 'Percentage change of annual retail e-commerce sales worldwide in 2020, by macro-region', *Statista*, Sep. 2nd. Available at: https://www.statista.com/statistics/1225478/global-b2c-e-commerce-growth-by-macro-region/ (Accessed: November 2nd, 2021)

Coppola, D. (2021c) 'Amazon quarterly net revenue 2007-2021', *Statista*, Nov. 10th. Available at: https://www.statista.com/statistics/273963/quarterly-revenue-of-amazoncom/ (Accessed: November 12th, 2021)

Dannenberg, P.; Fuchs, M.; Riedler, T.; Wiedemann, C. 'Digital transition by COVID-19 pandemic? The German food online retail.' *Tijdschr. Econ. Soc. Geogr*. 2020, 111, 543–560.

Fortunet (2021) 'Fortunet's Buyers Survey: What Amazon Aggregators are really looking for'. Available for download: www.fortunet.net

Fries, T. (2017). *Amazon Marketplace – Das Handbuch für Hersteller und Händler* (1.Auflage). Bonn: Reihnwerk.

Gardt, M. (2020) 'Die Thrasio-Klone kommen: Diese deutschen Unternehmen kaufen jetzt Amazon-Händler', *OMR*, Oct. 1st. Available at: https://omr.com/de/thrasio-klone-deutschland-amazon-fba-kaufen/ (Accessed: 13th October, 20201)

Gazieva, L. (2021) 'The Impact Of E-Commerce On the Digital Economy'. doi: 10.15405/epsbs.2021.03.16

Geroski, P. A. (1995) 'What do we know about entry?', *Journal of Industrial Organization*, 13(4), 421–440.

Gielens, K.; Gijsbrechts, E. & Geyskens, I. (2020) 'Navigating the Last Mile: The Demand Effects of Click-and-Collect Order Fulfillment', *Journal of Marketing*, 85 (4), pp. 158-178, July 1st. doi: https://doi.org/10.1177/0022242920960430

Gregory, A. (2021) 'E-commerce roll-ups are the next wave of disruption in consumer packaged goods', TechCrunch, Mar. 26th. Available at: https://techcrunch.com/2021/03/26/e-commerce-roll-ups-present-the-next-wave-of-disruption-in-consumer-packaged-goods/ (Accessed: November 2nd, 2021)

Gu, S.; ślusarczyk, B.; Hajizada, I. & Sakhbieva, A. (2021)'Impact of the COVID-19 Pandemic on Online Consumer Purchasing Behaviour', *Journal of Theoretical and Applied Electronic Commerce Research*, 16, pp. 2263-2281. doi: https://doi.org/10.3390/jtaer16060125

Hagiu, A. & Wright, J. (2021) 'Don't Let Platforms Commoditize Your Business', *Harvard Business Review*, May-June 2021. Available at: https://hbr.org/2021/05/dont-let-platforms-commoditize-your-business (Accessed:

Herrman, J. (2021) 'The Great Amazon Flip-a-Thon', NY Times, Mar. 17th. Available at: https://www.nytimes.com/2021/03/17/style/amazon-brand-flippers.html (Accessed: 13th October, 2021)

Huang, P., Ceccagnoli, M., Forman, C., & Wu, D. J. (2013) 'Appropriability mechanisms and the platform partnership decision: Evidence from enterprise software', *Management Science*, 59(1), 102–121.

Jin, H., & Hurd, F. (2018) 'Exploring the impact of digital platforms on SME internationalization: New Zealand SMEs use of the Alibaba platform for Chinese market entry', *Journal of Asia-Pacific Business*, 19(2), 72–95

Jílková, P., Králová, P. (2021) 'Digital Consumer Behaviour and eCommerce Trends during the COVID-19 Crisis', *Int Adv Econ Res* 27, pp. 83–85. doi: https://doi.org/10.1007/s11294-021-09817-4

Johnson, L. (2012) 'Roll up for a ride rich in risk and reward', Financial Times, Nov. 13th. Available at: https://www.ft.com/content/3d6e1dea-28f9-11e2-86d7-00144feabdc0 (Accessed: November 3rd, 2021)

Kabugumila, M.; Lushakuzi, S. & Mtui, J. (2016) 'E-Commerce: An Overview of Adoption and It's Effective Implementation', *International Journal of Business and Social Science*, 7 (4) pp. 243-252. Available at: http://www.ijbssnet.com/journals/Vol_7_No_4_April_2016/27.pdf (Accessed: October 13th, 2021)

Lee, H., Smith, K. G., Grimm, C. M., & Schomburg, A. (2000) 'Timing, order and durability of new product advantages with imitation', *Strategic Management Journal*, 21(1), 23–30.

Leroi, A. (2017) '3 Ways M&A is different when you are acquiring a digital company', *Harvard Business Review*, July 11th. Available at: https://hbr.org/2017/07/3-ways-mre-acquiring-a-digital-company (Accessed: October 13th, 2021)

Marketplacepulse (2020a) 'Amazon-Native Brand Anker Goes Public', *Marketplacepulse*. Available at: https://www.marketplacepulse.com/articles/amazon-native-brand-anker-goes-public (Accessed: 21st October 2021)

Marketplacepulse (2020b) 'Amazon Seller Acquisition Market, *Marketplacepulse*, Dec. 1st. Available at: https://www.marketplacepulse.com/articles/amazon-seller-acquisition-market (Accessed: 22th October 2021)

Marketplacepulse (n.d.) ‘Amazon Aggregators’, *Marketplacepulse*. Available at: https://www.marketplacepulse.com/aggregators (Accessed: 15th October 2021)

Marketplacepulse (2021a) ‘Amazon GMV in 2020’, *Marketplacepulse*, Feb. 3rd. Available at: https://www.marketplacepulse.com/articles/amazon-gmv-in-2020 (Accessed: 15th October 2021)

Marketplacepulse (2021b) ‘Amazon Tops Six Million Third-Party Sellers’, *Marketplacepulse*, Mar. 24th. Available at: https://www.marketplacepulse.com/articles/amazon-reaches-six-million-third-party-sellers (Accessed: 18th October 2021)

Marketplacepulse (2021c) ‘FBA Usage Among Amazon Marketplace Sellers’, *Marketplacepulse*. Available at: https://www.marketplacepulse.com/amazon/fulfillment-by-amazon-fba (Accessed: 29th November 2021)

Marketplacepulse (2021d) ‘Amazon Aggregators Raised Over $12 Billion in 2021’, *Marketplacepulse*, Dec. 9th. Available at: https://www.marketplacepulse.com/articles/amazon-aggregators-raised-over-12-billion-in-2021 (Accessed: 28th November 2021)

Marketplacepulse (2021e) ‘Amazon Seller Valuations Have Doubled’, *Marketplacepulse*, Nov. 30th. Available at: https://www.marketplacepulse.com/articles/amazon-seller-valuations-have-doubled (Accessed: 28th November 2021)

Nagel, U. & Meuser, M., (2009) ‘Das Experteninterview - konzeptionelle Grundlage und methodische Anlage’, In: D. Jahn, H. Lauth, G. Pickel & S. Pickel, Hrsg. *Methoden der vergleichenden Politik und Sozialwissenschaft* . Wiesbaden: VS Verlag für Sozialwissenschaften , pp. 465-479.

Nead, N. (n.d.) ‘Strategic Rollup: Building a Platform for M&A’. Available at: https://investmentbank.com/strategic-rollup/ (Accessed: November 3rd, 2021)

Neigenfind, C. (2019) ‘Amazon Marketplace – Weltweit verkaufen mit Amazon’. Available at: https://fischer-habel.com/amazon-marketplace-weltweit-verkaufen-mit-amazon/ (Accessed: 16th October 2021)

Redmond, W. (2013) ‘Three modes of competition in the marketplace’, *American Journal of Economics and Sociology*, 72(2), 423–446.

Rothaermel, F. (2017). ‘Amazon.com, Inc.’, McGraw Hill Education Case, MH0053, May 25th. Available at: https://store.hbr.org/product/amazon-com-inc/MH0053 (Accessed:

Saunders M., Lewis P. & Thornhill A. (2009). Research methods for business students. 5th edition. Harlow, Pearson

Schoonhoven, C. B. (2015) ‘Liability of newness’, In C. L. Cooper, M. Morris, & D. Kuratko (Eds.), *Wiley Encyclopedia of Management* (Vol. 3, pp. 1–5). John Wiley & Sons.

Stone, B. (2019). *Der Alleskäufer – Jeff Bezos und das Imperium von Amazon*. Frankfurt: Campus.

Stummeyer, C. & Köber, B. (2020) *Amazon für Entscheider*.Wiesbaden: Springer Fachmedien Wiesbaden GmbH, ein Teil von Springer Nature 2020.

Venkatraman, N., & Lee, C.-H. (2004) ‘Preferential linkage and network evolution: A conceptual model and empirical test in the U.S. video game sector’, *Academy of Management Journal*, 47(6), 876–892.

Wakabayashi, D., Weise K., Nicas J. & Issac, M. (2020) ‘Big Tech Continues Its Surge Ahead of the Rest of the Economy’, *NY Times*, Oct. 29th. Available at: https://www.nytimes.com/2020/10/29/technology/apple-alphabet-facebook-amazon-google-earnings.html (Accessed: 15th October 2021).

Wanasida, A.S.; Bernarto, I.; Sudibjo, N.; Purwanto, A. ‘The role of business capabilities in supporting organization agility and performance during the COVID-19 pandemic: An empirical study in Indonesia.’ *J. Asian Financ. Econ. Bus.* 2021, 8, 897–911.

WHO (2021) ‘Coronavirus disease (COVID-19)’, World Health Organization. Available at: https://www.who.int/health-topics/coronavirus#tab=tab_1 (Accessed: December 2nd, 2021)

Zhang, Y., & Li, H. (2010) ‘Innovation search of new ventures in a technology cluster: The role of ties with service intermediaries’, *Strategic Management Journal*, 31(1), 88–109.

Zhu, F. & Acocella, A. (2017) ‘X Fire Painball & Airsoft: Is Amazon a Friend or Foe? (A)’, *Harvard Business School Case* 617-046, Jan. 2017 (revised 2019).

Zhu, F., & Liu, Q. (2018) ‘Competing with complementors: An empirical look at Amazon.com’, *Strategic Management Journal*, 39(10), 2618–2642

Appendices

Appendix 1. Interview questions

Background

1. What is your name?

2. For what aggregator do you work for?

3. How much experience do have in the Amazon/D2C-sector?

Indicators

4. In your opinion what can be considered the most important indicators for the rise of Amazon Aggregators within the last year?

4.1 (Why did no one think of this business model before or act on it?)

Differentiation Factors

5. In your opinion, what are the most viable differentiation factors for companies that follow the Amazon Roll-Up Strategy?

5.1 What are the key differentiation factors for the Aggregator that you work for?

6. What is the main value proposition of aggregation? And what do you believe is the value added by aggregation?

Risks for aggregators

7. Given the fast growth of most of these businesses, what do you believe are the three critical risks for Aggregators?

8. In your opinion, has anything changed in the industry since the rise of the Amazon Aggregators?

8.1 Did the valuations for companies go up or stay the same?

9. Will new roll-up businesses that are entering the market just now make it?

9.1 What kind of entry barriers do they might face?

Chances for aggregators

10. Lately, there has been a development where aggregators start to buy other aggregators - what is your opinion on this trend?

10.1 What do you think are the main reasons for this development?

11. What is the future outlook of the aggregator market?

11.1 Any future trends that you can already see happening (acquisition-wise - deal volume, deal size, deal structure)?