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Amazon Consumes Whole Foods

Amazon.com, Inc. announced June 15 that it would acquire Whole Foods and assume a new role in the bricks and mortar grocery business. The deal—valued at \$13.7 billion—offers the ecommerce giant new synergies and promises Amazon’s competitors new challenges in the future.

Fast Track Story

On the evening of the 15th, Amazon CEO Jeff Bezos tweeted a hint that his company sought ways to be more philanthropic. Within hours, Amazon announced a deal to buy Whole Foods Market for \$13.7 billion in cash. Some attribute the philanthropic motive to the commercial deal on the theory that Amazon’s newest acquisition has a mission of bringing healthy foods to American shoppers.

Fast Track Change

From a commercial standpoint, the deal has little to do with selfless improvement of the quality of others’ lives and everything to do with accomplishing critical business objectives. As said by Laura Heller, the new Editor of *Retail Dive* in her June 19 email on the subject: “Even before the Whole Foods deal, Amazon has been seeking to disrupt the \$800 billion grocery industry with its AmazonFresh delivery service and Amazon Go store pilots. This deal isn’t just game changing in that regard — it’s industry changing.”

The acquisition gives Amazon new feet on the ground as it expands its reach into the grocery sale and distribution business. It can add 460 stores that can serve as fresh food distribution centers and online order pickup points.

The leap in brick and mortar presence is significant. Prior to the deal, Amazon was a largely online retailer with a few stores (eight bookstores, two grocery pickup spots, and one convenience store) and the deal takes Amazon to what *Retail Dive* calls “a retailer with a significant offline presence.”

The increased physical presence speeds up the company’s experimentation and implementation of change. In light of its seemingly insatiable quest for change, the infrastructure will likely be put to excellent use. Don Davis, editor-in-chief for *Internet Retailer*, explains that: “Whole Foods’ physical locations will

provide Amazon with retail space where it can sell organic kale and experiment with checkout lanes, as well as fresh food distribution centers.” The importance of this is that online grocery shopping differs from in-store shopping in critical ways. Amazon has been working on ways to segue from the physical to the virtual. It now will have a testing ground and launch pad for applying lessons it already has been learning about helping customers navigate without the boundaries imposed by aisles and checkout lanes.

Davis explains it this way: “Currently, Amazon’s grocery offerings are varied and not intuitive for consumers to navigate. For example, Amazon Prime members can buy non-perishables via Prime Pantry, which offers free shipping if shoppers buy five qualifying items or, if they buy fewer items, they can pay \$5.99 per box; or Prime members in certain U.S. cities can buy perishables via Amazon Fresh for a \$14.99 fee; or consumers can sign up for regularly scheduled delivery of consumables and get 15% off those products via Amazon Subscribe and Save.” These are considerations unique to online shopping.

The challenge to be overcome offers Amazon significant financial advantages once mastered.

Stakes High for Amazon

Amazon’s current online grocery market share is 18%, according to Slice Intelligence, which analyzes online sales based on the email receipts of a panel of 4.7 million consumers.

That share sounds substantial, but it represents a challenge to be overcome by the online industry’s engineers of the “Prime” experience. Amazon’s fresh grocery sales have not grown as quickly as, for example, its forays into fashion (*see BMR 07/03/2017, p. 4*). Contrasting the market penetration accomplished in grocery and fashion market shares points to the need for new ideas and methods. Sales of Amazon’s private-label apparel products increased 67% in 4Q/FY 2016 compared to the third quarter, according to Slice Intelligence. In contrast, AmazonFresh accounted for only 9% of grocery delivery sales between January-October 2016, according to data management platform 1010data. Davis notes that FreshDirect LLC, Peapod LLC, and Instacart were the leaders in that period.

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Short Takes

United Parcel Service (UPS) has announced new peak delivery charges for November and December for residential, large packages and parcels over certain weight limits, according to a post on its website. The move is an attempt to offset the expense of holiday shipping and deliveries, which have ballooned in recent years with the growth of ecommerce.

Peak charges will apply from Nov. 19 through Dec. 23 and will be in addition to the shipper's regular surcharges for size and weight beyond defined limits.

UPS will also apply a peak surcharge on specific international air shipping lanes during certain periods of the year. Despite the extra charges, per package costs will rise "only marginally," the company said. For example, a five-pound UPS Next Day Air package shipped from Atlanta to a Philadelphia residence during the peak holiday window will rise about 1% above non-peak shipping times. A similar package shipped to a commercial address would have no additional cost.

"To meet their requirements, UPS flexes its delivery network to process near double our already massive regular daily volume, and that creates exceptional demands," UPS Chief Commercial Officer, Alan Gershenhorn said in a statement. "Our goal is to help every customer obtain the delivery capacity they need, combined with predictable and timely service they count on from UPS, even when there is limited capacity in the UPS network."

For retailers, the surcharges represent expense, but also a safeguard against consumer disappointment. Expectations for free and fast delivery increase at the holidays, and careful logistics, including using the most minimal packaging for deliveries, becomes all-important. <http://www.retaildive.com/news/ups-to-roll-out-peak-shipping-surcharges-for-the-holidays/445393/>; <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=PressReleases&id=1497873904827-900>.

Federal Express Corp. has not yet indicated whether it, too, will impose a holiday surcharge for 2017. <https://www.digitalcommerce360.com/2017/06/27/fedexdoesntfollowupwithaholidaydeliverysurchargeyet/>.

The USPS 2017 promotion and incentives program is offering a new promotion from July 1 through Dec. 31, 2017. The Personalized Color Transpromo Promotion is designed to incorporate

marketing messages highlighted by using color, dynamic variable print, and personalization. Mailers who have not participated in the Personalized Color Transpromo Promotion in prior years will only need to satisfy the dynamic color printing requirement; whereas mailers who have participated in this promotion previously will be required to incorporate both dynamically printed color and personalized messaging in the mailpieces. Eligible mailings will receive an upfront 2% postage discount.

Participants in this promotion must submit their mailpieces via email to FCMColorPromotion@usps.gov for review and approval no later than one week prior to the mailing. Each mailpiece is reviewed individually. This means that approval of any one piece does not guarantee approval of future pieces.

All qualifying mail must include a full color transpromotional marketing or consumer message, such as an "onsert" or "onstatement," which is printed in-stream on a physical piece of paper within the content of the letter or statement. The onsert or onstatement must include full color text (with or without an image) using a dynamic variable print process, on a transactional mailpiece which is required to be mailed as First-Class Mail per DMM 233.2.2.

Mailers previously participating in the promotion must also include personalized messaging. This promotion is available for First-Class Mail commercial letters that are part of an Intelligent Mail Full-Service mailing.

Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) to be eligible, and it is recommended that this registration be completed at least several days in advance of the first qualifying mailing, but no less than two hours prior to presenting the first qualifying mailing.

Eligible mailings must be submitted electronically via Mail.dat, Mail.XML or Postal Wizard. To claim the discount for mailings submitted via Mail.dat or Mail.XML, the Component Characteristics Record (CCR) should be populated with the two-digit characteristic code of "CP" for the 2017 Personalized Color Transpromo Promotion. Mailings must be tendered for acceptance during the promotion period (July 1 through Dec. 31, 2017). Postage must be paid using a Permit Imprint or Precanceled Stamp permit (some Meter Permit mailings may qualify). While the discount is taken at the time of mailing in the amount of a 2% discount of the eligible postage.

The USPS has a technical guide for the 2017 Personalized Color Transpromo Promotion, available both on the RIBBS and PostalPro web sites.

Amazon Consumes Whole Foods... (cont. from page 1)

Perishable Network

The difference in product lines comes down to “perishability,” says Joe McCann, CEO of open source software company NodeSource.

Matt Lindner, writing for *Internet Retailer*, agrees that perishability poses a unique challenge for large-scale distribution of consumable items. Amazon has done well at selling items with shelf-lives using its Prime Pantry program. Sales of fresh foods have been problematic. “AmazonFresh has long been strategic to Amazon but, by definition, it is much more challenging to scale at the pace of, say Prime Pantry, which sells only shelf-stable food and consumables nationally and has been growing significantly faster,” vice president of strategy and insights Keith Anderson says. “For example, some of Profitero’s clients say Pantry sales account for 40-60% of their total volume of sales on Amazon, whereas AmazonFresh sales typically account for less than 10% of their sales, Anderson says.” <https://www.digitalcommerce360.com/2017/06/20/amazon-brick-mortar-retailer-now/>.

The brick and mortar presence that Whole Foods offers Amazon gives the company a new tool for clearing out perishable foods. “67% of Whole Foods’ sales come from perishable goods, Profitero’s Anderson says.” “Amazon realizes fresh food warehouse needs do not fall under the warehouse network that Amazon has built,” Jennifer Sherman, senior vice president of product and strategy at e-commerce software vendor Kibo says. “To effectively play in the organic expansion space, Amazon needs a net new build out of a cold chain in Amazon’s distribution network and with this acquisition they just bought themselves a distribution network.”

Delivered to Your Car

Whole Foods locations also offer an established network for online order pickup. Amazon already offers one- and two-hour delivery in some markets with its Prime Now service, but online order pickup at a convenient location eliminates the need for last mile delivery in a climate-controlled vehicle, giving “shoppers more delivery options that could be more convenient in the grocery space,

Grocery Competitors Recalculate Post-Announcement

Grocery industry operators, investors, and analysts had a busy month that must have felt like a GPS device operating while a driver did doughnuts in a parking lot. A number of developments that have the potential to disturb expectations for grocers hit the news within days, ending with the announcement that Amazon would buy Whole Foods. Singly, each development would produce disruption for competitors in the industry.

says Tushar Patel, chief marketing officer at Kibo.”

Amazon’s ongoing beta test of a pickup service for AmazonFresh, offered in two Seattle neighborhoods lets Prime members place grocery orders, schedule a pickup time, park in a pickup spot at the location and wait while groceries are loaded into the car’s trunk.

The Whole Foods acquisition enables a widespread adoption of the program once the beta test is complete. Analysts also have focused on what the acquisition means for the target—Whole Foods.

Changes Coming to Stores

Early reports suggest that Whole Foods personnel should update their resumes. *Bloomberg* says Amazon will cut jobs at grocery stores. The report cited a source with knowledge of the matter. Amazon could begin by replacing Whole Foods cashiers with technology. Whole Foods employs about 90,000 people, including many on the shop floor. The job loss count could prove painful. An opinion piece from *Forbes* contributor Panos Mourdoukoutas carried the headline “Amazon-Whole Foods Deal Is Bad News For Store Cashiers And The Fight For \$15 Minimum Wage.”

If Amazon lowers the price of Whole Foods products as part of its corporate efforts to make its grocery offering more appealing to people on low and middle incomes, then other cost savings may be necessary, too. Replacing workers with sensors, scanners, and chips already is part of the Amazon Go stores. Customers walk in, grab what they want, and leave. Amazon opened its first Amazon Go test store in Seattle earlier this year. Amazon Go’s model relies on the sensors and a smartphone app to know what customers have purchased.

Business Insider reports that Amazon has not confirmed any of the *Bloomberg* report’s predictions for cuts at Whole Foods stores. “Amazon has no plans to use the technology it developed for Amazon Go to automate the jobs of cashiers at Whole Foods,’ they said. ‘No job reductions are planned as a result of the deal.’”

Together, these developments ensure 2017 will be a year for reckoning and recalculation.

The first announcement was that Aldi would invest \$3.4 billion to increase its store count by nearly a thousand locations. Three days later, food discounter Lidl opened its doors, ushering in a low-price, quality-driven model that has succeeded in Europe and could take hold in the U.S. Finally, Amazon offered to buy Whole Foods.

Food Dive reports that the combination of events prompted analysts to stick by prior projections but speculate that existing trends in the industry would accelerate rather than pause for further reflection.

Upping the Aldis

Germany-based Aldi announced in mid-June that it would spend \$5 billion to build 900 new stores and remodel more than 1300 others. Its stated goal is to become the third-largest grocer in the U.S., after Walmart and Kroger. <http://www.startribune.com/pressurebuildsontwincitiesgrocerystoresasaldiothersturnuptheheat/428960953/>.

Lidl by Lidl

Meanwhile, a highly successful European food discounter announced its plans to enter the U.S. market and put its effective discounting methodologies to the test. Lidl last month opened about ten stores in the Carolinas and Virginia. It plans to open 100 stores on the East Coast and possibly Texas within a year. <http://www.startribune.com/pressurebuildsontwincitiesgrocerystoresasaldiothersturnuptheheat/428960953/>.

Amazon's Play

Retail Dive details six pressures that already have made the grocery industry stressful. It expects a Whole Foods acquisition by Amazon will intensify, not change, those pressures. The pressures include:

- *Price pressures:* Margins are already low, but no one seems to question that Amazon will force all competitors to further lower prices to protect market share.
- *Industry consolidation:* Some predict that consolidation will trend as grocers seek to diversify their holdings and reduce risk of dislocation from price wars to come. “[S]trong small and regional chains will be targets for acquisition, considering their strengths in local markets and relatively low price tags. Meanwhile, Neil Stern, senior partner with consulting firm McMillanDoolittle, said a large retailer such as Kroger or Target could buy up a

Amazon and the Prime Wardrobe

Amazon will beta test a new service for its Prime subscription program that will strengthen its growing apparel marketplace. Back in April, the innovation was Echo Look, offering personalized feedback to proposed outfits. The new perk—Amazon Prime Wardrobe—allows members to order a box with three or more pieces of clothing, shoes, and accessories to try on at home. They only pay for the items they keep while returning unwanted pieces for free.

In contrast, some of Amazon's competitors charge consumers a personal shopper charge that applies regardless of the consumer's satisfaction with items received. Returns have the potential to be costly. The Amazon

natural and organic chain like Sprouts Farmers Market. This would serve as a weapon against an ascendant Whole Foods, not to mention shore up its presence in a high-growth category. ‘Certainly for Sprouts, the likelihood of an acquisition has gone up,’ Stern told *Food Dive*. “They could become a strategic piece of someone else's portfolio,” Diana Sheehan, director of retail insights with Kantar Retail, said.

- *Raising stakes for ecommerce operations:* Amazon is expected to ratchet up its ecommerce efforts once it has a commanding new presence in retail centers.
- *Private label evolution:* Whole Foods already has a private label program and Amazon has one in the works. It remains to be seen whether one model will prevail or some amalgam will emerge.
- *In-store tech experimentation:* Amazon's investments in cashier-less shopping technologies make it possible for the company to cut labor costs in ways its competitors will find tough to match without substantial investments in new technologies. “At a time when grocers are facing margin compression from the expansion of discounters like Lidl, the prospect of having to spend more on in-store technology and digital platforms to keep up with the Amazon behemoth is highly unattractive,” said Neil Saunders, managing director of Global Data Retail.
- *The X-Factor:* Amazon's role as a change agent for other industries makes it tough to stand by any prediction. “It's difficult to predict with any certainty what exactly Amazon will do with Whole Foods. The template for what happens when a large online retailer buys a large natural and organic chain simply doesn't exist. Reports have noted that because the deal came together so quickly even Amazon doesn't fully know how it will leverage the acquisition.” <http://www.retaildive.com/news/aystheamazonwholefoodsdealcouldimpactthegroceryindustry/445617/>.

approach could mitigate those costs: “While offering free returns isn't a revolutionary idea, Amazon's approach of offering a discount for keeping more items could help it keep its costs under control, says Ananda Chakravarty, a Forrester Research Inc. senior analyst. ‘Offering free returns can be a dicey proposition,’ he says. ‘But by encouraging shoppers to keep more items and send back less returns, it can close more sales.’” <https://www.digitalcommerce360.com/2017/06/20/amazons-latest-fashion-push-letting-shoppers-try-items-buy/>.

Ken Lonyai, Consultant, Strategist, Tech Innovator, and UX Evangelist gave credit in *Retail Wire* to Scott

Galloway of L2 “who has been predicting that Amazon will ultimately ship two boxes each week to customers using predictive AI to estimate what they want to buy—the second box being empty for free returns. This sure sounds like a move in that direction. It also seems very inspired by a couple of startups in fashion that have done similar. The difference here is Amazon’s potential for instant scale.”

Prime Wardrobe

The Amazon apparel inventory challenges the rack size of its competitors, whether brick and mortar or virtual. Amazon claims that more than one million items for children, men, and women are included in the program.

Terms are attractive. Every order shipped includes several items that customers may keep for seven days *without charge*. Prices are discounted when customers retain more of the shipment. If a Prime member purchases three or four items, there is a 10% discount on the purchase. If the member buys five or more, the discount increases to 20%.

Underwhelming choices are easily returned. Unwanted items go back in the resealable box provided by Amazon with the supplied free shipping label. Customers place the box on their front steps, or wherever it was delivered, and Amazon collects it.

A video produced by Amazon to promote its new “try before you buy” program says it “takes advantage of the ultimate fitting room—your room.”

The new perk challenges smaller style offerings,

Amazon to Sell Nike Shoes

The latest word on the subject of sports shoes is that Nike will sell directly through Amazon to customers. This represents a new challenge for the retailers who previously served as specialty marketplaces for Nike goods. Affected sports gear retailers will include Foot Locker, Finish Line, and Dick’s Sporting Goods, department stores like J.C. Penney and Kohl’s, and even third-party Amazon Marketplace sellers actually (or claiming) to sell Nike goods. High-end department stores, such as Macy’s or Nordstrom, are less likely to be affected, reports *Retail Dive*, based on their lower penetration by the Nike brand, according to a note emailed from Gordon Haskett analyst Chuck Grom.

A single product line’s “defection” to Amazon’s stable ordinarily would not undermine a department store’s fortunes. In the current financial environment, some department stores could find themselves negatively affected by the Nike action. Grom adds: “If it wasn’t bad enough already, talk of Nike selling direct on Amazon . . . would clearly have a negative impact on the department stores, particularly Reduce-Rated JCPenney and Kohl’s. . . . While competition is competition, should Nike form a strategic alliance with Amazon, . . . we do think

such as Stitch Fix, the fast-growing retailer that generated an *Internet Retailer*-estimated \$300 million in online sales with a similar model that gives consumers a 25% discount if five or more items are retained.

Ken Lonyai adds, “Lesson to all retailers, especially those that sighed in relief about Amazon buying into grocery and not their vertical: any category anytime can expect the unexpected from Amazon. Don’t wait.”

Echo Look

The beta test of Prime Wardrobe follows Amazon’s launch of the Echo Look in April. The newest “tower-like” device uses the Alexa voice interface and offers a camera for shoppers to take full-length photos of themselves in different outfits from different angles. Members can then use the shots with the Look’s StyleCheck feature, which employs “advanced machine learning” and “tips from fashion specialists” to provide feedback. The information collected using the Look will help in providing future purchasing suggestions, according to Amazon. <http://www.retailwire.com/discussion/will-amazon-prime-wardrobe-change-how-americans-shop-for-clothes/>. Amazon already is a leading fashion site among millennials. It sells 16.6% of all apparel among U.S. consumers aged 18 to 34, according to Slice Intelligence data. Nordstrom Inc was second at 8.1%. <https://www.digitalcommerce360.com/2017/06/20/amazons-latest-fashion-push-letting-shoppers-try>.

such a development would represent another headwind for a sector that can’t catch a break lately, particularly on the heels of yesterday’s news of Prime Wardrobe Service.”

Kohl’s has invested effort into enhancing its own stable of brand names offered. Some describe Nike as the most significant of these names. Will Under Armour, Levi’s, Skecher’s, and Carter’s make up the shortfall?

Kohl’s revenues from sales of national brands rose from 48% in 2012 to 52% last year (and 55% in the first quarter this year).

J.C. Penney recently announced plans to re-launch its Nike concessions. Six hundred new Nike store environments, many focused on women’s items, would represent a substantial commitment to the brand.

Nike has its own incentives for the deal with Amazon. Its use of ecommerce as a distribution method positions it to more effectively compete with rival Under Armour. It gives Nike a tool for identifying and deterring counterfeit goods in an ecommerce marketplace. *Racked* predicts that: “Nike . . . could potentially see an additional \$300 to \$500 million in

sales.” <https://www.racked.com/2017/6/28/15881994/amazon-nike-partnership-elaine-kwon>.

Some predict though that Nike will see losses in other areas, including brand equity. The *Racked* article continues: “Former Amazon employee Elaine Kwon, however, says the deal is a bad move on Nike’s part. While such a

Amazon Slack Chat Deal

Amazon has a potential deal to acquire Slack Technologies, a workplace chat service that would support voice-activated ordering of business supplies using Amazon’s Alexa, an online retail for voice-activated online ordering.

Slack Technologies Inc., a San Francisco startup, is drawing interest as a potential takeover target from several buyers, including Amazon.com Inc., at a price of at least \$9 billion, *Bloomberg* reports. Slack was last valued by investors at \$3.8 billion.

Alexa software makes voice-activated services accessible to the masses. Amazon’s Echo speakers, equipped with Alexa software, are in homes and hotel rooms, used to check the weather, order Ubers, and dim lights by simply speaking to the device. Alexa is expected to be installed in cars and will enable drivers to get directions and find restaurants via voice command.

Slack has the potential to extend Alexa to the

Amazon to Patent Drone Hive

The buzz in the patent world recently centered upon a patent sought by Amazon for the purpose of creating a beehive-like or cylindrical building that would serve as a vertical fulfillment center for delivery drones in cities, according to an application published by the U.S. Patent and Trademark Office and released by *CNN Money*.

The application for the patent was first filed in December 2015. This means the patent application for the beehive structure preceded a filing for a blimp-like, airborne fulfillment center by several months. The blimp structure would allow delivery drones to pick up packages, dock, and refuel without returning to land.

The beehive structure would include space at the ground level of the structures for truck deliveries and have space for customers to pick up packages as part of a self-service program, according to the patent. It would resemble an office building but likely would not improve a city’s skyline. If the idea sounds visually unappealing, then you are not alone in thinking that. As *Popular Science* commented: “Sure, it seems like science fiction and even a little ‘dystopian,’ but scary edifices may be the price of progress and getting your Prime orders just a little bit faster.” <http://www.popsci.com/lastweek>

partnership might be lucrative right now, she says it will ultimately hurt Nike. Amazon’s bullish strategy to out-price competitors isn’t great for a company with Nike’s brand recognition and customer allegiance.”

The outcome of discussions remains unclear at this time.

office. It could add meetings to one’s calendar by voice instead of fingers or dictating a message to a colleague.

As stated in *Digital Commerce 360*, “Amazon is working to develop more workplace tools available in the cloud to compete with Microsoft’s Office and Google’s G-Suite. Slack’s corporate chat functions and its integration with other services like Dropbox and Github could help Amazon narrow the feature gap with Microsoft Corp. and Alphabet Inc., and complement its other products such as Chime, an online video conferencing and file-sharing tool.”

The potential deal would offer Slack benefits, too. Slack has been working to add bigger customers like IBM to its customer list. IBM was an early tester and has 30,000 workers who have used Slack. <https://www.digitalcommerce360.com/2017/06/15/amazon-slack-chat-tech-deal-help-amazon-business/>.

intechamazonsmassivedronedeliveryhubmaybe comingtoyourcityinverydistant.

The design allows the delivery drones to enter the structure from any direction, promoting drone package pick-up and delivery. The vertical design contrasts favorably with the real estate footprint of the ordinary warehouse/fulfillment center. The latter can occupy a substantial parcel of land—space available at a premium, if at all, in densely populated areas.

A smaller footprint might make feasible multiple structures of this type in cities, not at their outskirts.

Retail Dive asked: “Is Amazon on to a completely revolutionary re-thinking of fulfillment center design? Only time will tell, and with patent filings nothing is ever certain. Amazon could be really serious about this, or looking to patent it for a just-in-case scenario. After all, while there seem like obvious efficiencies to be gained from moving a fulfillment center closer to a large populace, who can then get their packages more quickly via drone, there also could be huge real estate, construction and civic permitting costs associated with this kind of structure.” http://www.retaildive.com/news/amazon_files_patent_for_dronedelivery_beehive_fulfillment_center/445779/.

Fear Amazon Will Halt Showrooming

Amazon has benefited in the past from showrooming. Customers have visited brick and mortar stores to view products and then ordered the goods from Amazon online. Now that Amazon is expanding its brick and mortar presence, some consumers fear that Amazon will utilize software to shutdown showrooming on its properties. <https://www.digitalcommerce360.com/2017/06/23/amazonsnatcheshroomblockpatent/>.

Amazon has a new patent on technology that identifies when people who are connected to its WiFi network go online while in its stores. The technology, known as Physical Store Online Shopping Control, can take several actions when it finds someone is comparison shopping including:

- Redirecting the browser to its own site;
- Alerting a sales associate to talk to the shopper; and
- Blocking the site altogether.

Amazon originally filed the patent application in May 2012. The company has declined to answer inquiries

and reports on sites including Engadget and The Verge on whether it plans to deploy the technology.

Customers visit stores with mobile devices and use them to evaluate alternative projects. Seventy-seven percent of shoppers have used a mobile phone to help them while shopping in stores, according to research published earlier this year by *DMI*. Close to two-thirds of consumers said they compare online prices against what stores charge, according to the Pew Research Center. Some research shows as many as 97% of consumers make such comparisons. <https://www.digitalcommerce360.com/2017/06/07/97usconsumersshopmarketplaces/>.

Past research has shown that many customers will order higher ticket items, to save some money online. A study by GroupM Next found 45% of those surveyed would opt out of buying from a store to save 2.5% online. A 5% discount would convince 60% of shoppers to buy online instead of from a store. <http://www.retailwire.com/discussion/did-amazon-just-patent-tech-that-could-end-showrooming-in-its-stores>.

Anticipating Prime Day

July 11 is Prime Day. Shoppers must join the \$99 annual Prime program to access Prime Day deals, and once they sign up, they generally continue to enjoy Prime membership. About 91% of first-year paid subscribers renew for a second year, and 96% of second-year paid subscribers renew for a third year, Consumer Intelligence Retail Partners reported last year.

Amazon celebrated Prime Day for the first time in 2015, promising Prime subscribers exclusive deals across merchandise categories. Members issued a social media backlash after it turned out that inventories were low on quality items and prices were lowest on obscure products with little appeal. In 2016, Amazon improved both the quality and quantity of merchandise by including third-party Amazon Marketplace seller partners in the celebration.

This year, offerings have emphasized Amazon's voice assistance, with even more Alexa-exclusive deals for members with an Amazon Echo, Echo Dot, Echo Show, Amazon Tap, compatible Fire TV, or Fire tablet, the company said.

Amazon offers members "early deal watching," through previews, tracking, and shopping in many countries through its mobile app. Prime members in China and Mexico will be able to shop not only local deals, but some deals from other countries as well, from the Amazon Global Store.

"Our members love Prime Day and we have been thrilled by the response over the last two years. It is inspiring us to make it even better this year for Prime members," Greg Greeley, vice president of Amazon Prime, said in a statement. "Every part of our business is working to deliver more deals for a record number of shoppers. This year's Prime Day is too big for 24 hours—so we're giving Prime members 30 hours to shop!" <http://phx.corporate-ir.net/phoenix.zhtml?c=176060&p=irol-newsArticle&ID=2283864>.

The event also introduces members to the broad range of available inventory at Amazon. "Prime Day is another way to present customers with a cross-section of products from across their catalog," *Retail Dive* reports. "Obviously Amazon wants customers to buy from them. But they also want customers to browse, because they can turn that data into recommendations, which lead to more purchases down the road. Amazon is one of a handful of companies (Facebook and Netflix being two others) where the core infrastructure was built to turn customer data into a highly personalized customer experience. The more customers browse and purchase, the more they can customize what they present to you." <http://www.retaildive.com/news/amazons-prime-day-is-july-11-and-more-than-a-day/446147/>.

Briefs

Sycamore Partners plans to take Staples private. The acquisition permits Staples to complete a turn-around without commentary from Wall Street investors. According to *Retail Dive*, the retailer is attempting to shift sales from stores to the online channel and hopes to reduce brick-and-mortar sales from 40% to 20% by 2020.

Staples previously failed to merge with Office Depot in 2015 to create a stronger competitor to the growing Amazon threat. Itsought the merger, but, after more than a year of regulatory scrutiny, the Federal Trade Commission declined to approve it.

USPS employees also have protested against, boycotted, and argued against a test project that would have permitted Staples employees to perform tasks customarily undertaken only by postal employees. The failed merger and foiled effort to expand services offered together have limited the company's flexibility in responding to Amazon's business development plans.

Waymo, Alphabet's autonomous-vehicle company, hopes to develop long-haul trucks in addition to passenger vehicles. Waymo's test-model trucks reveal some of the company's goals and strategy in the logistics space, says *Business Insider Intelligence*, and may suggest Waymo will leave the semi-autonomous vehicle segment to competitors.

The trucks Waymo's using in tests are Peterbilt semi-trucks that have been retrofitted with external sensor arrays. These traits suggest that Waymo may bypass semi-autonomous technologies that could be

faster to market but less transformative in favor of a push directly to fully autonomous vehicles. See the full report at <http://www.businessinsider.com/waymo-offered-first-clues-autonomous-truck-development-2017-6>.

Avis recently announced that it will partner with Waymo, by storing and maintaining Waymo's fleet of self-driving cars in Phoenix, where Waymo is testing its autonomous ridehailing service. <http://www.businessinsider.com/avispartnerswithwaymoselfdrivingcars20176>.

Retail Dive reports a clash exists between Walmart stalwarts and the staff of the recently acquired Jet: "Employees of Jet and other e-commerce players now owned by Walmart are grappling with office policy changes like prohibitions on drinking alcohol in offices and even cursing, *The Wall Street Journal* reports. While at first Walmart banned traditional Jet perks, like office happy hours and access to alcohol in office cupboards, the retail giant has relented somewhat, allowing scheduled after-work celebration in the office. Similar practices at outdoor e-commerce site Moosejaw, acquired by Walmart in February, have been allowed to carry on, according to the report."

Read more analysis of the conflict at <http://www.retaildive.com/news/cultures-clash-in-the-aftermath-of-walmarts-e-commerce-acquisitions/445917/>.

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