



## **AMAZON BUYING WHOLE FOODS- Now What?**

The news is out, we all know now that the gigantic Amazon has entered into the bricks-and-mortar grocery business. They are keeping the name and according to an email to its customers, Whole Foods (WF) will stay true to its heritage in free-from and ethically sourced products.

Industry observers have been wondering how the acquisition will change the grocery game. How will the deal affect companies ranging from grocers to CPGs and service providers? And in a future where WF operates as an Amazon subsidiary, what will brick-and-mortar and ecommerce look like? Will June 16, 2017, go down in history as the beginning of the new world of supermarketing?

Its odd that for years, many believed that Amazon's sole purpose was to be the online king while trying to eliminate brick-and-mortar retailers. But with this move, it shakes things up and shows how serious Amazon is about getting into brick-and-mortar retail.

In an excellent article written by Randy Hofbauer, EnsembleIQ in *Progressive Grocer* titled, [Amazon, Whole Foods and the 'New World of Supermarketing'](#), Gary Hawkins, CEO of the Los Angeles-based [Center for Advancing Retail & Technology](#), observes a few dimensions to how the move will affect the grocery landscape. Here is a wrap-up:

- Amazon will be able to leverage WF stores to quickly grow the grocer's sales by building both the retail and online business. They can use store locations to enhance the click, collect and delivery operations, making them pickup points for online orders.
- Amazon can leverage its online expertise, delivery capabilities, Alexa platform and Dash buttons to fuse both worlds to drive unified retailing at scale. Imagine how Alexa will expand the WF shopping experience. You start a shopping list in the morning with Alexa, add some things while driving to work, and then ask Alexa to have the order ready to pick up at WF after work. No traditional retailer is even close to this capability.
- Amazon will be able to synthesize the shopping experience across the physical and virtual worlds to create something new. It could bring its Amazon Go to WF stores, thus bringing self-shopping, lowering costs and helping Whole Foods become more competitive.

- Amazon will be able to expand into the payments business, as doing so enables WF shoppers to pay via their Prime accounts – something already employed at the Amazon Go test location.

In the expanding world of data, the WF acquisition will give Amazon a vast new array of consumer data to feed its voracious appetite for information about customer habits. Amazon today vacuums up such data through multiple funnels and is constantly developing more. Grocers will need to keep up with and expand their digital marketing footprint to compete.

Gary Hawkins sums up what the future looks like, “Amazon’s acquisition of Whole Foods changes the game in how retail now must go to market, and since Whole Foods’ business is not dependent on the large CPG brands and their marketing funds, Amazon has no constraint in applying their personalization and pricing skills to how Whole Foods goes to market,” Hawkins explains. “This is the most pervasive and significant threat and disruption coming fast to brick-and-mortar retail.

BUT will shoppers be willing to let Amazon’s pickers select their cantaloupes or will they still want to judge for themselves at the fruit bin?

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