

Whole Foods Markets to be Acquired by Amazon

25.06.2017 Madeline Patrick



This May 3, 2017, photo, shows a Whole Foods Market grocery store, in Upper Saint Clair, Pa.

Experts say Amazon's blockbuster deal to buy the Whole Foods supermarket chain poses a threat to Canada's grocers and could force them to lower prices, enhance technology or boost their e-commerce services. Amazon announced Friday it plans to acquire Whole Foods Market in a US\$13.7-billion agreement.

“Obviously the big news today is the Amazon announcement of the purchase of Whole Foods which is having effects on various sectors of the market”, said David Levy portfolio manager at Republic Wealth Advisors.

The company, founded in 1978, has struggled to differentiate itself as competitors also now offer a plethora of fresh and organic foods, and has said customers may be choosing “good enough” alternatives closer to home.

“Consumers want to know what they’re getting and putting in their bodies”, said Madeline Hurley, a senior analyst at market research firm IBISWorld. Sixty percent of millennials are Amazon buyers, compared to 42 percent of consumers generally.

The grocery and supermarket industry in the United States is huge, with \$12.2 billion in profit, but growing slowly, at a measured 1 percent pace, according to retail analyst IBIS World.

Amazon is buying Whole Foods in a stunning move that gives it hundreds of stores across the US – a brand-new laboratory for radical retail experiments that could revolutionize the way people buy groceries.

As sales have slumped, Whole Foods executives have tried to highlight what distinguishes it from rivals.

“We are always concerned when there is some loss of brick-and-mortar stores out there”, Mullins said after just hearing of the news early Friday. Both companies said there will be no layoffs, but did not respond to other questions about Amazon’s plans for Whole Foods. He said AmazonFresh, based predominantly on the West Coast, can now be expanded across the rest of the country with the addition of Whole Foods and regional food supplier relationships that will come with the acquisition.

Still, Hurley doesn’t see Amazon buying the chain in order to close stores. The app would then have automatically charged whatever products they took out of the store with them to their Amazon account. She’s skeptical that groceries will go purely online and thinks it’ll be more of a hybrid model, where people use a mix of online ordering, restaurants and traditional grocery stores.

Whole Foods wove its way into the crowded and competitive Dayton grocers market in 2015, with its first Dayton-area store, in Washington Twp.at 1050 Miamisburg-Centerville Road.

The deal, which began when Amazon CEO Jeff Bezos approached Whole Foods CEO John Mackey about the aquisition, was brokered and advised by Goldman Sachs Group Inc.

Almost \$1.5T: Amount spent by Americans on food in a year. And it should be able to bring cost-cutting technologies, such as robots to move inventory around, while the company gets a better picture of customers by marrying data from Amazon and Whole Foods’ loyalty programs.

Original Story: <http://normangeestar.net/2017/06/25/whole-foods-markets-to-be-acquired-by-amazon/>