

# WOLF STREET

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## How Amazon Rules

by [Wolf Richter](#) • Jul 14, 2018 • [88 Comments](#)

**It owns 33% of the internet “cloud,” 49% of US e-commerce, and is elbowing into other sectors.**

Amazon ([AMZN](#)) is a Goliath in very different sectors. One is the internet cloud, a booming business. Amazon Web Services has evolved into the single largest player offering cloud computing services to companies, governments, and individuals. As of the first quarter, AWS owns a [33% share](#) of the cloud infrastructure market, ahead of Microsoft ([MSFT](#)) with a 13% share, and Google ([GOOG](#)) with a 6% share. Being the biggest kid on the block, it has become the shoo-in for a multi-year [\\$10-billion Pentagon contract](#). That business is highly profitable.

Less profitable are Amazon's e-commerce operations. But in terms of magnitude, Amazon totally rules. According to a report from eMarkter, [cited by CNBC](#), Amazon's online sales in the US are expected to surge 30% in 2018 compared to a year earlier, to \$258 billion. This would boost Amazon's share of US e-commerce sales of 49.1%!

The other combatants are fighting over the crumbs in terms of market share. The next nine largest e-commerce operations combined grab about 22% of the market:

- eBay ([EBAY](#)): 6.6%
- Apple ([AAPL](#)): 3.9%
- Walmart ([WMT](#)): 3.7%
- Home Depot ([HD](#)): 1.5%
- Best Buy ([BBY](#)): 1.3%
- QVC Group ([QVCA](#)): 1.2%
- Macy's ([M](#)): 1.2%

- Costco ([COST](#)): 1.2%
- Wayfair ([W](#)): 1.1%

That leaves 29% of e-commerce for *all* the other retailers with online operations, from Bed Bath & Beyond ([BBBY](#)) to the tiniest home-office operations, millions of them.

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## Man Who Predicted 2008 Meltdown Surprises With New Prediction

by [Casey Research](#)

Amazon online sales fall into two categories: its “direct sales” and the sales from other sellers that use Amazon’s platform and execution (“Marketplace sales”). Both are growing in leaps and bounds, but Marketplace sales are growing the fastest.

In 2018, Marketplace sales are expected to account for 68% of Amazon’s e-commerce sales, and direct sales for 32%, according to eMarketer estimates.

Overall, e-commerce sales in the US have soared 16% in the first quarter from a year ago and are on track to exceed \$500 billion this year.

But some types of sales have resisted the move to the internet, largely because of the type of product that doesn’t lend itself easily to online sales: gasoline, new and used vehicles, groceries, and beverages. Together they account for 51% of total brick-and-mortar sales.

The remaining 49% is under total attack from e-commerce, among them prominently department stores, whose sales have been wilting since 2001. This half of brick-and-mortar has already [surrendered 22% of its sales to e-commerce](#).

Since nearly half of e-commerce sales happen at Amazon, the share it has taken from all under-attack brick-and-mortar is over 10%. This is just one company, Amazon, against all under-attack retailers.

Now Amazon is unhappy with these results because grocery and beverage sales are a huge business in the US that has steadfastly refused to move online, despite multiple efforts by all kinds of retailers, including Safeway starting two decades ago.

After more or less unsuccessfully experimenting with its own online grocery operation, Amazon bought

Whole Foods – not because Amazon wants to get into brick-and-mortar, but because Amazon wants to dominate grocery sales over the next two decades – and to do that, it has to persuade Americans to buy their groceries online, just like Americans are finally buying their shoes online, something they'd sworn they'd never do.

But that's how Amazon operates. And grocery sales in the US are just too big to let them slip away. It's going to be tough, and no one has succeeded yet in getting Americans to buy their groceries online, but Amazon is now committed.

It took Amazon a quarter century to grab this much market share, and it will continue to try to grab more. Amazon has shaken up US retail and is now totally dominant. It has the most formidable distribution system in the US. The "[Amazon effect](#)" has become a common expression – Amazon buys an online pharmacy, and the shares of CVS and Walgreens plunge. Everyone in retail is trembling when Amazon flares its nostrils. Walmart, trying to defend its turf after ignoring e-commerce for too many years, is belatedly lining up its immense firepower against Amazon, with mixed results, as Walmart's feeble 3.7% share of e-commerce sales show.

Amazon is a book publisher. It's encroaching on the turf of TV, Netflix, and others with its video offerings. It has recently begun to invade online advertising with its Amazon Publisher Services "Unified Ad Marketplace" (it's trying to get me to sign up), and thereby it's invading the market where Google and Facebook totally dominate. Its Alexa and other "smart" internet-connected devices are populating homes and influencing all kinds of decisions that households make – not to speak of the data they send back. Amazon keeps expanding into new territories.

There are calls for the government to go after Amazon and break it up. But this is the internet, and trying to tar Amazon as a monopoly is like trying to nail Jell-O to the wall. Consumers like buying at Amazon, or else they wouldn't do it. Anything that Amazon sells can be bought elsewhere, and often for less.

And yet, there is something disconcerting about *one* company becoming so dominant in so many ways. This is even more disconcerting when a handful of other companies totally dominate other areas that consumers deal with on a regular basis – but whatever it is that is disconcerting, for now, thanks to the internet, it's not lack of other competition.

Zombie malls and shuttered stores don't count. Read... [Here's Why Vacant Stores, Zombie Malls Are Much Bigger than Mall Vacancy Rates Indicate](#)

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### Man Who Predicted Trump's Victory Makes NEW Shocking Prediction

The "fake news" media will NOT cover this developing story.

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## 88 comments for "How Amazon Rules"

walter map

Jul 14, 2018 at 12:44 am

In the end, there can be only one. I always thought it would be Microsoft, or maybe Google.

Facebook, IBM, Apple – they're big, real big, but they're just not contenders. It's starting to look like Amazon is the real deal, and if they could just get the Russians to commit to collusion, it would be game over. They're the best at this sort of thing, believe me.

Reply

Hank Dogood

Jul 14, 2018 at 7:41 pm

What happened to the prohibition of monopolies? The US gov is so bought that, it matters nought.

Reply

## Guido

*Jul 14, 2018 at 12:49 am*

Amazon has gotten hold of the low end market items. Since 2001 the retailers like Safeway have climbed up the chain by surrendering the commodity item business to Amazon. This may also explain why amazon is having a tough time on making profits in this segment. This may also be why it opened up the marketplace platform and is trying to offload the inventory costs for rare and low end items to mom and pop stores run from a garage.

In fact, this is very much akin to outsourcing problem. Amazon is the China and India of retail. Meanwhile, from what I see from my visits, Safeway and Costco are climbing ever higher into the higher profit markets.

In fact, Costco doesn't even care much about its web presence. It has a website but zero social media presence, unlike Walmart that even bought a company for 340M\$ 6 years ago so that we all can shop while we tweet. Costco encourages you to pick high end items in store and even passes on the savings to you.

As for Safeway and the rest, they're rebranding themselves as healthy alternative. Even Costco's doing that. Food is an item bought more often, on an average, than shoes. So people will spend and spend well.

It seems even amazon is worming it's way into the higher end market by feeding at the public trough, just like every other corporation from google to ge.

I think amazon will self destruct if it is starved of these high end contracts. But I am not holding my breath on some regulator doing his/her job.

Reply

## Maximus Minimus

*Jul 14, 2018 at 2:14 pm*

Your comment about Costco is right on. Not much of a web presence, which is surprising given they charge membership fees much like Amazon Prime. While food sales are good, they can sleep at the wheel, I guess.

Reply

## Amazon/Ebay Seller

*Jul 14, 2018 at 1:52 am*

Have been an Ebayer/Amazon Seller since 2012.

It is a scam like no other I have seen and it getting worse...

Here is how it works for the small individual seller in sum:

- A. \$9.99 product with 1.50 profit
- B. Competitor gets 15.45 to 17.95 by paying Ebay a fee to show theirs and not show my product that is equal if not better
- C. If someone wants to give me a negative feedback even though I state Satisfaction Guaranteed I am at risk of losing my rating and discounts.
- D. If you are forced to refund you have to sell 4 products to cover the loss.
- E. Ebay just raised the fees and is forcing sellers to offer free returns for any reason.
- F. It is rare for anyone to have a full-time business on Ebay.
- G. They can switch off your business like a light switch
- H. Best friend, monthly sales at 25K, after 20 years with over a million in sales was suspended for a month for a minor infraction that other like sellers with much higher sales (as in 60K) are allowed to continue in doing
- I. Amazon is even worse....
- J. Add China in the mix with immediate copy of any items selling well and you can see where this goes for mom and pop ebay

I am learning things the hard way which started when I began selling military & police surplus. Over 5 years, I learned that the successful sellers were retired military, retired law enforcement, retired prison guards, and the many criminals/underworld would undersell those (like me) who were paying for the ranch from the proceeds. I lasted a few years but finally went bust but due to my retired teacher wife, I still got to keep the ranch...barely.

Prior to starting this business I had a horse ranch related business as a farrier for the high-end world of English riding, rodeo, mounted police, and veterinary-level farrier care. Also had two Bobcats, two diesel trucks and 20 foot Big Tex trailer developing horse ranches all over SoCal, AND, I built hay, tool, and tack sheds along with supplying Western/English Feed & Tack Stores with Western woodworking products and STILL could not hold on to most of it from 2007 till starting the military surplus business above mentioned.

Now, since Amazon, Ebay and China cannot trim the hoofs of horses I have given up and living my remaining days reading the Howling Wolf and watching Rome burn....

Reply

Setarcos

Jul 14, 2018 at 12:44 pm

You are also confirming what I have observed with online sites I am most familiar with – tyrannical in nature/behavior. In a truly competitive market, this creates opportunities for others...however, the tyrants understand how to buy crony capitalism.

It is incredible to witness their behavior in setting “rules” for their “community” and trying to reconcile

that with their political talking points.

Reply

J

*Jul 14, 2018 at 9:10 pm*

Probably pay back for having a business where grown men go to beat up animals for entertainment and profit.

Reply

Reed

*Jul 16, 2018 at 12:39 pm*

Agreed

Reply

Ambrose Bierce

*Jul 15, 2018 at 10:27 am*

I did an extended estate sale a couple years ago and was satisfied, and so were my customers. I also found a good consignment shop, which uses Ebay and other sites to price their inventory. It was a great experience. My only gripe with Amazon is vendors who don't have the product, which is my real gripe with Walmart, (never go on Monday or after a holiday) the shelves are never stocked. Even before the China trade war slow down the supply chain was starting to slow down.

Reply

Amazon/Ebay Seller

*Jul 14, 2018 at 1:59 am*

Does Amazon actually believe in Capitalism as we were taught in school?

What really kills me is when they told me in business school something like 80% of businesses fail in the first 5 years and the out of the remaining 20% only 1 out of 2 are still around at the end of 10 years... And still, the cattle all willingly head tot he rendering plant of college to get the process started...

Reply

alex in san jose AKA digital Detroit

*Jul 14, 2018 at 2:50 pm*

Amazon/Ebay Seller – I've got, personally, a bit over 20 \*years\* of experience selling on Ebay. The guy I work for now has a bit more than that; he started out a few months, maybe a year before I did.

Selling on Ebay is like working for the Mafia. The money can be very good but as you mentioned, they can shut you down in an instant over some perceived slight, and they've made very careful to shut down any alternatives. I've seen people get banned for talking on the Ebay discussion boards about Overstock dot com.

I've looked into selling on places likes Amazon and Labx and each time, recoiled in horror.

The only fulltime Ebay operations I know of are BIG ones. 10 employees or over. The small-timers eventually get wiped out by our boom-and-crash business cycle here in the US, or Ebay's capriciousness. I got wiped out by the crash and now work for a friend, who deals in surplus as a side business/hobby. With me on board it's turned from a few hundred a month thing (operating at a loss, actually) to something like a business with a few thousand profit a month, but he has no illusions; he has a day job. Another guy who was full time on Ebay had his accountant tell him to quit doing that and get a real job, so he did. While he's still a fixture at the local electronics surplus swap meet, I'm not sure he still sells on Ebay at all.

The only way I figure the little guy can make it on Ebay is if they have either a healthy retirement, like a pension from a government and Unionized job, or they're capable of living in next to nothing. Then they can afford to sell on Ebay.

In other words, these facts put selling on Ebay on a par with driving for Uber, collecting cans and scrap metal, being your local banjo-playing clown who performs for tips in the park, or any other marginal/fringe way of "making a living".

Reply

AMAZON/EBAYSELLER

*Jul 14, 2018 at 6:01 pm*

I am retired. I have figured out a model to sell that uses Ebay as proof of pricing reality and quality customer feedback with evidence of how I do business with no intention of anything but allowing the brick and mortar I sell to the opportunity to UNDERCUT the online pricing. I make labor but thats it. NO PROFIT.

Reply



**Harvey Cotton**

*Jul 14, 2018 at 3:21 am*

Jell-O? Amazon is consortium of businesses, some made up of previous purchases. It would be easy to split up if the political will was there.

[https://en.wikipedia.org/wiki/List\\_of\\_mergers\\_and\\_acquisitions\\_by\\_Amazon](https://en.wikipedia.org/wiki/List_of_mergers_and_acquisitions_by_Amazon)

Reply

**Harvey Cotton**

*Jul 14, 2018 at 3:35 am*

Amazon wouldn't need to be tarred as a monopoly to justify breaking it up. That is a high bar. The first question is whether or not Amazon engages in behavior that restrains trade, and next if their acquisitions lessen competition. Amazon has broken the market. Their almost free access to cash has allowed them to run a virtually profit-less company at the expense of brick and mortar stores and smaller online sites that have to worry about such things, and their acquisitions are subsidized by the equity and bond markets – usually at the expense of direct competitors.

Reply

**Normal**

*Jul 14, 2018 at 8:57 am*

Running a profit-less company is not magic. Every company has the choice to distribute profits, to retain them or to invest them in growth. Many investors are happy to forgo dividends to increase stock price. In fact, if you are lucky enough to worry about estate taxes, growth is preferable to dividends as they are never taxed, as long as you hold them until death.

Reply

**Bob**

*Jul 14, 2018 at 4:36 am*

I have bought many items online, including shoes and clothing. I have bought dried and boxed food online, particularly specialty or difficult-to-find items. But it doesn't make sense to buy fresh foods (fruit and vegetables, meat and fish) or frozen foods online. No, I would never give any delivery person a code to enter our house to place delivered items in the refrigerator or freezer.

I think Amazon bit off more than it can chew when it entered the fresh food market. People want to select

which tomato or steak they and their family are going to eat. It's different from buying something from a box.

Reply

Rod

*Jul 14, 2018 at 10:20 am*

There is one product I buy online that is frozen that I can't source locally, and that is certain kinds of meat. There are places that sale wild meats and prime Wagyu beef that ship overnight frozen. So there is a market, just small.

Other things that I buy online are premium products that the stores just cant compete in, like fresh roasted coffee beans, maple syrup in bulk(gallon size) and premium jellys and jams that are not all sugar. When your rural, the internet brings the finer things in life that our one and only one grocery store cant provide, quality.

Reply

jan frank

*Jul 14, 2018 at 5:04 am*

What I find interesting is your comment that " Anything that Amazon sells can be bought elsewhere, and often for less." Living in the sticks (halfway between Valencia and Alicante) I am forced to do a lot of e-shopping, and almost invariably I turn to Amazon to see how much they charge, and then look elsewhere to find virtually the same item for two-thirds or even half the price.

What is it about Amazon that it can run a successful business without making a profit, sell goods which are 35 or 50% more expensive that can be found elsewhere, and still grow and grow.

Or is this yet another Trump way of ignoring the negative and trumpeting the positive, till people believe it is all is going their way?

Reply

MC01

*Jul 14, 2018 at 10:26 am*

Jan, Wolf is based in San Francisco and in the US Amazon is often not the cheapest online option. Here in Europe it's another matter, albeit in some sectors Amazon is nowhere near as cheap as it was in 2015 or even last year. Oh, and then there's that massive Prime price hike we've had this year. Very hard to swallow... but the others are somehow even worse.

And always remember Amazon is not Tesla, Uber or Netflix. They know perfectly well how and where to turn a profit.

When they choose to operate at cost or at loss they do so for purely fiscal reasons.

That ability to adjust profits (or lack of) and operating costs according to fiscal targets is downright scary because of how amazingly flexible their pricing structure is.

Reply

MCH

*Jul 14, 2018 at 1:05 pm*

Oddly, I was in Europe recently, my wife wanted me to get some stuff she found on Amazon. When I price compared the list, what I found on both the airport pharmacy and the duty free store was cheaper than amazon US.

The most interesting thing as far as the dominance of Amazon is its ability to take analytics and data and fuse it together with the online presence. They built this with AWS since 2004 or 2005. And they didn't really brag about it and let everyone else jump on the bandwagon.

Jeff Bezos is really quite scary, if you think about it, richest man in the world, builds rockets, owns some critical parts of the internet infrastructure, his own newspaper and who knows what else.

The guy is pretty much the real life Dr Evil, wouldn't surprise me if he had an island somewhere with a secret base under a volcano. But then again, what could anyone do. You either let Jeff has his little monopoly, or you can cede it all to the Chinese. In China, the fire walled garden is for BAT only. Those guys are practically monopolies too, but who is going to bust them, comrade Xi? I doubt it.

Eventually, this world is going to become a battleground for the big corporations. And wouldn't surprise me if Dr. Evil already has a plan to upload his brain into the cloud.

Reply

Rates

*Jul 14, 2018 at 1:31 pm*

Jeff Bezos is a CIA agent. You read it here first.

Seatrcos

*Jul 14, 2018 at 10:15 pm*

Dr. Evil ...got it here first. WaPo content confirms.

Maximus Minimus

*Jul 14, 2018 at 2:07 pm*

“US Amazon is often not the cheapest online option”

Duly noticed, but the pre-programmed masses will still go there.

Another matter is sheer incompetence of Amazon’s competitors; website design, delivery, customer support, reviews. I still use Amazon for product reviews, but buy elsewhere whenever possible. There are sites that are better than Amazon especially for apparel or bigger items.

Reply

unit472

*Jul 14, 2018 at 6:36 am*

Amazon is even more insidious than Standard Oil in the early 20th century. What might have been tolerated when oil was basically a fuel for lanterns became unacceptable when gasoline became the fuel of choice for the nascent auto industry.

AWS should be spun off so this cash cow cannot cross subsidize Amazon retail operations.

Reply

MCH

*Jul 14, 2018 at 1:08 pm*

Think about it, would you really want Alibaba coming to the US as a competitor. They will have this massive support base in China with infinite amount of money. Not violating any monopoly laws. No, I had my choice I’d rather have Dr. Evil at Amazon. At Least, he is the enemy you know.

Reply

Suzie Alcatraz

*Jul 14, 2018 at 4:50 pm*

You can already purchase from Alibaba.

I've successfully used AliExpress. Cost savings can be tremendous or non-existent.

Reply

Dan Romig

*Jul 14, 2018 at 6:47 am*

One thing that online sales have an advantage over brick and mortar is the number of selection options.

Last November I went shopping for a new charcoal BBQ grill. I looked at HomeDepot, Lowes and Menards for what I wanted. All three of these retailers had a somewhat limited in-store selection of assembled models to examine and purchase, but their online selections were considerably larger. I guess that's just the nature of the beast; there's only so much square footage that these chains can devote to one type of item.

After resigning myself to having to buy online to get what I wanted, I did check both Walmart and Amazon. Bingo! Walmart had a Kingsford 32" charcoal grill for \$138, but Amazon had the exact same grill badged under a different manufacture's name for \$189.

On 11 October, I made my first (and most likely last) online purchase from Walmart. The grill arrived a few days later and all was well after I'd put it together using a few extra washers and lock-washers to do the job properly. Then on 11 November, I get an email from Walmart informing me that, "The Item you viewed is now \$39 off." To me, that's a slap in the face from Walmart's online sales department, and yes, I hold that against Walmart for future purchasing decisions.

I do like my new grill though.

Reply

Kent

*Jul 14, 2018 at 7:23 am*

Yes, it is amazing how dumb retailers can be. Imagine if Walmart had sent you a check for \$39.

Reply

Dan Romig

*Jul 14, 2018 at 7:40 am*

Oops, Last October not November. And this time I did proof read...

Reply

MCH

*Jul 14, 2018 at 1:11 pm*

It's kind of like Google ads that way. They keep showing me stuff I bought, Talk about dumb, where is all this predictive analytics. I'll be more impressed when they start showing me airfare to places I'm thinking about going, I haven't looked at online yet. Also, that would be a little scary.

Reply

alex in san jose AKA digital Detroit

*Jul 14, 2018 at 2:56 pm*

The ads that show up with me are for things I've just sold to someone else! Or, things I've just bought that I'm not likely to want/need to buy again, at least for a while.

Reply

Guido

*Jul 14, 2018 at 5:18 pm*

Predictive analytics, IMO, is mostly bogus. There are no gold standards and everybody is right. I guess this is the arrival of social media kind of approach to technology. Everybody is right. Who know how many of these ads actually sell anything? If you are working for the ad department of a company why will you go and tell the truth? Google and Facebook have no reason to tell the truth either. So it is all pretend all the way. If those ads were really effective, Facebook will not be desperately trying to track people offline.

A few years ago, Facebook tried to predict the winners of nfl using their predictive analytics geniuses. They got them wrong both times. The second time was because of the famous Malcom in the middle intercept. I haven't heard their skills aka journalists from MSM sing praises of their masters anymore.

Reply

Petunia

*Jul 14, 2018 at 1:11 pm*

Every woman knows that if something you bought, on sale or not, gets reduced further you can ask for the difference to be refunded. Most stores will give you back the difference in the first month.

Always consult an expert on financial matters.

Walmart's website says managers have discretion to refund a price adjustment on items up to 90 days.

Reply

Thomas Molitor

*Jul 14, 2018 at 7:38 am*

>not because Amazon wants to get into brick-and-mortar, but because Amazon wants to dominate grocery sales over the next two decades – and to do that, it has to persuade Americans to buy their groceries online<

Not sure this is Amazon's strategy. Witness its current cross-promotion with Whole Foods: "Spend \$10 in-store, get \$10 for Amazon Prime Day."

This is driving in-store visits and Amazon Prime membership. Remember, Amazon has over 90 million Prime members at \$120 a year. (<https://www.statista.com/statistics/546894/number-of-amazon-prime-paying-members/>)

Whole Foods 485 stores are now distribution points for Amazon Locker, its in-store pick up for on-line customers.

With these emerging synergies such as the Whole Foods acquisition I'm not so sure Amazon's strategy is to \*move grocery sales\* on-line.

Reply

RD Blakeslee

*Jul 14, 2018 at 8:18 am*

In some rural areas, online is the only place one can get locally unfashionable grocery items.

Reply

Kk

*Jul 14, 2018 at 7:39 am*

Why is American food in supermarkets so bad? Fatty, high in sugar and carbohydrates, bland and tasteless, in packets that are too large and poor value for money. Just like the companies that produce it I suppose.

Reply

Anon1970

*Jul 14, 2018 at 12:26 pm*

The companies are just giving the customers what they want. Most Americans aren't into kale and quinoa.

Reply

sierra7

*Jul 14, 2018 at 1:14 pm*

The power of "lifestyle" advertising. I was watching local news last night and a segment that involved a regional annual "fair". I am very cynical about the "American diet" but was really shocked on how many real fat people were roaming around with junk food attached like umbilical cords. We are a nation in deep trouble health-wise.

Reply

California Bob

*Jul 14, 2018 at 2:28 pm*

I think we reached a tipping point a few years ago. Before, if you were grossly overweight you were the exception (and a pariah). Now, the majority is overweight so overweight is the norm, and there's no shame.

I just traveled through the US Midwest, and it got to the point where I'd only notice the people who WEREN'T walking whales.

Reply

alex in san jose AKA digital Detroit

*Jul 14, 2018 at 3:00 pm*

Yep I remember fat people being relatively rare. Not pariahs, though, as being fat was a sign of success – it meant you could afford enough food to become fat.

Now, yeah, overweight people just everywhere. And it's not like they want to be overweight, they eat "high carb low fat" food because that's what their doctors tell them is healthy. "Eat



lots of fruit; eat 'healthy' grains" they're told. And they get bigger and bigger ...

Suzie Alcatrez

*Jul 14, 2018 at 4:52 pm*

Yep, shaming people is just not fashionable, unlike in the good ole days.

TropicalSunset

*Jul 14, 2018 at 7:18 pm*

I think that is a total MISconception that food in American supermarkets are "so bad". I have traveled the world for decades, and find it often much more convenient to find healthy food close by in the USA then anywhere else I have been.

What IS true, is that American supermarkets have BOTH unhealthy and healthy. ANY major American supermarket chain you walk though is loaded with fruits, vegetables, bags of black beans, Quinoa, etc.... It's just what you CHOOSE to buy. You can CHOOSE to buy Doritos chips and coke, or you can CHOOSE to buy black beans, quinoa, fruits and veg, etc.... I eat crazy healthy (taught by my mom who was way before her time in terms of health). And I can find a ton healthy groceries in any supermarket in America.

In addition to that, America is loaded with healthy specialty Whole Foods stores, Sprouts, local Co-ops that are loaded with healthy food. And in summer, American is LOADED with fresh farmers markets in pretty much every town.

When I travel the world, there are a lot of misconceptions people have about the USA because they are brainwashed by "Big Media".

But its true that their ARE a lot of garbage fast food restaurants in America. That I cannot deny that. I cannot people eat that garbage with all we know today. But there are plenty of healthy restaurants, but it is true that those are not everywhere, especially small towns.

Reply

Truthalwayswinsout

*Jul 14, 2018 at 8:13 am*

If you wonder why ecommerce is screwed up it is because of google.

Google purposefully screws any company in any conservative location in the US. It also screws any

company that does not promote its advertising efforts.

If you are a small company and sell on the web, you depend on a fair placement in google search results and that placement is anything but fair.

If you remove the Google monopoly the rest will fall in place and small business will once again grow in the US.

Reply

**Wolf Richter**

*Jul 14, 2018 at 9:42 am*

Agree except with your second line. I live in the liberal bastion of San Francisco and have gotten screwed by Big G. Repeatedly. This is a-political and non-partisan. It's just a big guy throwing its weight around for its own benefit, and little guys get trampled on. But that's how it always is.

Reply

**Todd H.**

*Jul 14, 2018 at 10:50 am*

As someone who sells products online, I can tell you that Google are the gangsters of ecommerce. One strategy to throw a spanner into search rankings is to sell products that have no or little competition, and to develop a customer base that will mention you in message boards and advertise for you at no cost.

For any small online retailer, I would advise hosting your own store and avoiding Scamazon and Fleabay.

Reply

**Setarcos**

*Jul 14, 2018 at 9:03 am*

I recently tried walmart online. Bought maybe 10 items at once for about \$100 ...routine low cost items typically purchased in stores. The purchase was received in 8-9 separate shipments... no kidding.

Really hoped they could be competitive with Amazon because reading WaPo is like using arsenic as a cooking spice.

Reply

Paulo

Jul 14, 2018 at 9:11 am

Food purchases online will not work until people are totally steeped in pre-packaged and already prepared crap that..... oh. Yeah. I keep forgetting about modern society.

Seriously, it might take another generation and more palatable offerings of soylent green, and another generation too busy on their phones, video games, and potent marijuana munchie bud to complete the transformation. ("I'm just too busy to cook"!!!) I always get a charge out of people talking about the good food at \_\_\_\_\_ restaurant, etc. When my (now 34 year old) son was in high school he worked at one of those high-end trendy sports bar restaurants doing food prep. He quickly informed me all those tasty specials from the crowded menus come from serving-sized plastic packages fresh from the freezer.

Yesterday, I popped into a grocery store to pick something up to barbecue. I had a good look at all the offerings and have cut up enough wild and domestic meat in my life to quickly recognize shoe leather in disguise and behind plastic. They always mix a shitty cut in with a good one. We ended up having a few different salads from the garden. People who don't know the difference between good food and mass produced crap, and have enough disposable income and a surfeit of lazied-up self importance may one day purchase all their food online. Until then.....

How about those commercials where they show the happy family unpacking a box of prepared and cut up ingredients along with a cardboard sheet of cooking instructions? Unbelievable, but they may even one graduate to buying groceries online. :-) Egads, no packaged cookies came with the order, what are we going to have for desert?

Stop the world so I can get off, or let me continue hiding out from the social engineers commodifying everything for a nasty buck. What's next, online sales of sex and gratification?..... Oh

Reply

Gershon

Jul 14, 2018 at 9:34 am

*What's next, online sales of sex and gratification?..... Oh*

With the monetization of everything, that's coming, without a doubt. Already sites exist to link coeds with sugar daddies willing to contribute towards their tuition and living expenses, in exchange for, er, "emotional support" nothing sexual, oh heavens no! As our oligarch-looted productive economy yields fewer and fewer living wage jobs, a lot of single moms and younger females are going to be faced with some unpalatable choices if they want to pay the bills and keep a roof over their heads.

Reply

RD Blakeslee

*Jul 14, 2018 at 10:26 am*

Well, we have sex robots and carpet cleaning robots now.

I predict Amazon.com will soon offer the humanoid do-everything female robot.

\*Chuckle\*

Reply

nicko

*Jul 14, 2018 at 9:51 am*

Where I live, we get hydroponic vegetables (Lettuces), organic vegetables, fruit and spices, free range antibiotic free eggs — all delivered farm fresh. Fresh Australian or south African beef, new Zealand lamb, or free range chicken also available..... Ordering is simple through a dynamically updated Web site and/or call centre, personally delivered in refrigerated van. The point is, this is the future.

Reply

sierra7

*Jul 14, 2018 at 1:21 pm*

“Privatization” of everything is the goal and food is no exception. If you and your family know how to cook your food and brown bag your workplace lunches you are now an, “Enemy of the State of Capitalism”. My ex and I raised a passel of kids all grown up now and every one knows how to cook. Along with the crushing of organized labor we are trying to crush the knowledge and know-how to provide for ourselves without the private sector leading.

I might eat 2-3 steaks a year. But for about 15 years or so the grading of store bought meat has been changed. No matter how well I know how to cook the supermarket steak it is always tasteless and tough. That was not the real case before.

Reply

alex in san jose AKA digital Detroit

*Jul 14, 2018 at 3:06 pm*

Paulo – In the US there's a wholesaler called Sysco, that if you run any kind of a restaurant from a huge place that can serve 100's of lunches at a time to workers to a little "toney" coffee shop, you'll know well. From massive amounts of turkey-masquerading-as-beef to those yummy little quiches, it's often all Sysco.

Reply

728huey

*Jul 15, 2018 at 9:48 pm*

I was just going to mention Sysco. There's a distribution plant just outside of O'hare Airport in the Chicago suburbs, and I am told they are one of the largest food service companies in the USA. Many of the well-known chain restaurants get their entrees from Sysco, and most of these restaurants just reheat the food they bought from Sysco. If you go to one of these restaurants and try to special order a dish with certain ingredients and the restaurant says they can't do that, they most likely are using pre-packaged dishes.

Reply

Petunia

*Jul 14, 2018 at 9:36 am*

Amazon gets blamed for killing brick and mortar retail, but brick and mortar retail committed suicide by not understanding its place in the market. I was at the mall yesterday and couldn't get out of there fast enough. It is no longer a pleasant or safe experience.

Years ago I used to drive, 2 hours each way, several times a year to spend money at the upscale Philadelphia mall. I did that until the trip no longer felt like an upscale experience . The retailers' decisions to put cheaper labor into the stores killed the shopping experience. It got so bad, I actually wrote a letter to one store complaining about it, and stopped going to the mall altogether. They may not have missed the few thousand a year I spent there then, but look at where they are now. They pushed customers online with poor service and bad security.

Reply

MCH

*Jul 14, 2018 at 1:21 pm*

It's amazing how the few hundreds spent by a few million tend to add up over the years. But fear not, malls can become Amazon distribution centers, so you can have a pleasant shopping experience

again.

Reply

alex in san jose AKA digital Detroit

*Jul 14, 2018 at 3:12 pm*

Petunia – I was at Guitar Center yesterday and looked at their metronomes. Online they have a ton of 'em, in the store, only a couple of crappy models. One was one of the ones listed online and I was able to listen to it – it was as lousy as the one I already have; I want an actual click as opposed to a chirp.

The way G. Center wants it done, apparently, is you buy it online to have it shipped to your local store where you pick it up. Then I guess if you don't like it you do a return.

At least I had some fun making noise on their drums.

Reply

Reese Baird

*Jul 15, 2018 at 9:48 am*

Thank you, Petunia, I agree with you one hundred percent! I used to make a ninety minute trek to that same Philadelphia mall but have stopped for the reasons you have stated.

I never particularly cared for shopping but have to admit that good customer service made it bearable, even somewhat enjoyable.

The last pleasant trip I had to that mall was in 2002. I recall it as a friend asked to accompany me on my usual solitary bi-annual trip. She was quite impressed with the service remarking about how good it was, but that it should be because I had spent five figures. Being used to a certain level of service, I personally found the service to be just good enough at that time, it continued to deteriorate to the point of being unacceptable.

These days if I want quality clothing and good service I stick with a few shops and a very good tailor that excels in producing bespoke clothing.

To a certain degree, I do blame the American consumer. I cannot believe the poor treatment and poor quality of products and services people will tolerate and don't even seem to know any better. Even worse, overpaying for anything with a designer label. Designers are quite aware of this habit, especially, during the boom times of the mid- 2000s, ramping up production of low end, overpriced versions. It seems compromising brand integrity with low quality items is another outdated and dead fundamental.

By the way, I am a business owner from a multi-generational family of business owners covering a range of entities. Excellent customer service has always been a cornerstone of all our companies. I am well aware of both sides of the equation and understand the economic pressures faced by both businesses and consumers. There is plenty of blame to be spread around for the current state of affairs, from pure greed to knowing the price of everything and the value of nothing, and everything in between.

Reply

GSH

*Jul 14, 2018 at 10:12 am*

The battle for food sales will play out between basic staples, ready to eat meals and restaurants. The younger generation has all but given up on old-fashioned cooking from basic ingredients in favor of ready to eat meals and restaurants. My guess is the “fresh” grocery staples market will continue to be invaded by ready-to-eat meals. The baby boomers may be the last generation cooking from scratch.

Reply

RD Blakeslee

*Jul 14, 2018 at 10:20 am*

Alot depends where you live, GSH.

In farming country, staples locally produced will continue to dominate, I think.

Reply

Ambrose Bierce

*Jul 14, 2018 at 10:33 am*

Amazon is beginning to look like a conglomerate, and that business model is pretty much finished. They will probably break themselves up, spin off some businesses, load the bad debt on the losers and move on. Just guessing the grocery business seems like it might be the loser. While the Pentagon would be the winner, Amazon a defense contractor?

Reply

JB

*Jul 14, 2018 at 8:59 pm*

I agree , as the cheap money spigots get dialed back, those companies that grow via retained earnings will prevail . Empires can rapidly expand ad infinitum if there is abundant financing and high stock valuations. Wolf chronicles this phenom almost daily.

Reply

**John Goode**

*Jul 14, 2018 at 10:42 am*

AWS will most likely spin-off in a few years.

Reply

**lenert**

*Jul 14, 2018 at 11:17 am*

Various estimates have shown the internet sales tax exemption redistributed about \$45B from taxpayers to Amazon.

Reply

**Ahjay**

*Jul 14, 2018 at 11:21 am*

I would rather see Amazon taking over the markets than Google, Facebook, Walmart, Microsoft etc. that I see threat to end consumers given recent security breaches and manipulative practices.

Talking about monopoly and Oligopoly, Google has monopoly and Oligopoly telecommunications that came to my mind besides others..

It is refreshing to see Amazon challenging and making them worry..

Reply

**George**

*Jul 14, 2018 at 12:15 pm*

What I have not heard anyone talking about is how will this all work for Amazon et all when oil goes to over \$100 a barrel? As I understand it their profit margins are slim to say the least. Will this not end up crushing all these delivery "businesses"?

Also I haven't heard anyone speak of the amount of carbon they are pumping into the atmosphere. When



does this become a political problem for them?

Reply

Jon

Jul 14, 2018 at 12:20 pm

I work as a Amazon aws cloud architect

And I can tell you first hand that Amazon cloud along with Amazon is the biggest job killer hollowing out America..

Reply

MCH

Jul 14, 2018 at 1:24 pm

Wait, are you saying you're part of the problem? :-)

Building the war machine for Dr. evil to take over the world?

Reply

Kent

Jul 14, 2018 at 1:41 pm

Yup. I work as a County government CIO in Florida. The guy before me bought an expensive 3Par system that still has a few years on it. Once that cycle is done, I can replace 5 internals with one of you. And if I upped our net bandwidth and ran a Citrix or vdi solution off of AWS, I could replace 20 guys with 2 of you.

Reply

[Wolf Richter](#)

Jul 14, 2018 at 3:58 pm

In your housing comments, you mentioned that you live in the San Diego area. I'm not aware of an AWS office in the San Diego area, however.

Reply

Suzie Alcatrez

Jul 14, 2018 at 5:45 pm

Amazons's Website shows a job opening for AWS in San Diego.

Reply

Wolf Richter

Jul 14, 2018 at 8:46 pm

I stand corrected.

Jon

Jul 14, 2018 at 8:48 pm

I am in san Diego and my functional role is AWS Cloud Architect

I help business realize the benefits of cloud mainly aws cloud and it pays me pretty good

Aws cloud architect can easily replace 20 traditional IT positions which are paid \$100k plus per year ..

But I don't work for AWS although Amazon has big presence in san Diego close to 500 peoplen working for Amazon

Amazon tried to hire me few times but so far I didnt give in

Reply

KFritz

Jul 14, 2018 at 2:37 pm

If the tenets of Neo-Liberalism/Conservatism hadn't totally taken over the intellectual marketplace and the outlook of the decision-makers in government, Amazon would have been subject to real Anti-Trust action many years ago. Bezos combines aggression and intelligence as no one else does. Nothing short of his demise or a regulatory counter-attack will stop him. Even if the Whole Foods thing doesn't work out.

Reply

Finster

Jul 14, 2018 at 5:09 pm

Anyone besides me see a connection between this and easy money? Investors have been subsidizing this business for years with scarcely anything in the way of dividends or even paper earnings in comparison to share price. As a prominent FAANG member, it's an asset bubble poster child. I have a hard time imagining excess of this magnitude outside of the context of a Federal Reserve bent on asset inflation.

Reply

raxadian

*Jul 14, 2018 at 6:43 pm*

Really, Amazon is an Empire.

We might not like it but it will keep growing.

Reply

Petunia

*Jul 14, 2018 at 6:44 pm*

In today's news:

<https://nypost.com/2018/07/14/the-department-store-apocalypse-is-taking-its-toll-on-nyc/>

Reply

wkevinw

*Jul 14, 2018 at 7:06 pm*

As far as I can tell, Amazon owes its existence to a couple of things (disclosure- my niece works there).

1. Stock price appreciation (that's how the high price employees really get paid)
2. ability to get into the cloud business(es?)

I think the integrated profit of the ecommerce (stuff you order on Amazon) is a negative number.

American anti-trust/monopoly laws (my understanding) are narrow. I do not totally understand because I have seen them block mergers of highly niche players in an esoteric technical industry, but they don't care if a multi-billion dollar giant like Amazon exists. The retail area laws revolve around "hurting the consumer". If Amazon has competitive prices (and other terms), I guess they'll be allowed to go on "business as usual".

Reply

Justme

*Jul 14, 2018 at 10:00 pm*

Reason number 3 that Amazon exists: For many years. Amazon was subsidized by not having to pay sales tax on anything. That unfair advantage is now all but gone, but the damage is already done.

Reply

TropicalSunset

*Jul 14, 2018 at 7:37 pm*

Has anyone checked out Google Express? You don't hear about it much, but you can search a product and it brings up results from many different retailers (except Amazon). You can do a search and price compare Walmart, Target, and tons of other retailers that sell the good.

It's kind of like Google flights which is not advertised a lot. Once I discovered Google Flights I never used Expedia, etc... to ever book flights again. Much better, faster tool for searching flights.

Seems like if Google wanted to throw muscle into this space they could do some damage to Amazon.

Reply

Justme

*Jul 14, 2018 at 9:55 pm*

Wolf, for completeness and future reference, I think it would be useful if the article contained also the absolute size of e-commerce and BM-commerce, as well as calculated the ratio.

PAUSE. Wait a minute.

A web search revealed that there are many different numbers floating around, including a very interesting and data-filled article from Wolfstreet itself :-)

<https://wolfstreet.com/2017/11/17/is-e-commerce-really-crushing-brick-and-mortar-sales/>

On that note, I see that your numbers are coming from US Dept of Commerce (USDOC), whereas some other online sources quote much larger numbers (see e.g. Statista that says 360B for 2016 whereas USDOC presumably was behind the 120B number). It seems to me more to it than merely some possible distinction between e-retail and e-commerce, which was the first possibility that came to my mind.

So in addition to my original request, perhaps another link to yourself and a short write-up on how you see the different data sources would be very informative.

PS: I suddenly felt the need to say that I really love how Wolfstreet has the quality of a reference website,

with data and careful analysis, and not being just a site were people just squabble and nobody ever learns anything.

PPS: in anticipation of the link above leading my post into moderation, perhaps an automated rule that any valid link back to a wolfstreet article perhaps needs not to be moderated?

Sorry for the length of my ramble.

Reply

Justme

Jul 14, 2018 at 9:56 pm

Yay, a valid link to an already existing Wolfstreet article did not get moderated.

Reply

[Wolf Richter](#)

Jul 15, 2018 at 12:59 am

Justme,

No big mystery. Just a difference in time-frame.

The Department of Commerce reports e-commerce numbers quarterly. So in my article that you linked, all numbers are quarterly, and all charts are based on quarterly data for all items. The much larger numbers by Statista are annual numbers. So it works out.

BTW, two or more links take an article to moderation automatically (anti-spam tool). One link does not, as you noticed :-]

Reply

Pal

Jul 15, 2018 at 9:49 am

***“Consumers like buying at Amazon, or else they wouldn’t do it.”***

I only buy from Amazon for esoteric electronic stuff I can’t find elsewhere. The product descriptions are often dismal and you have to contact the seller to verify what it is you’re buying. Shipping from Amazon in my area involves a no-name shipping service where people in their personal cars pull jump out and hand

you the package. (no UPS or postal if you don't have prime.)

If you don't have 'prime' free shipping is a hassle with delays of 3-5 days before shipping.(only when using free shipping that is) Every time I had to contact customer service to get them to ship. Many small items will not ship at all for any price unless you buy a specific dollar amount. (I think its \$25).

Amazon often has prices 25% or 30% below Walmart and other retailers. I have a feeling they are losing money to destroy their competitors (which in the long run means higher prices).

Oh and their return policies are not clear cut.

So I avoid Amazon like the plague unless I have to.

Just here to tell you not everyone 'likes' Amazon. I like clear cut consistent polices on shipping, returns and product descriptions. Amazon is run the same way a college student sells stuff on Ebay out of his dorm room.

Reply

**TropicalSunset**

*Jul 15, 2018 at 10:43 am*

I actually like what Google Express is doing with online shopping vs. Amazon. Expedia for example didn't kill airlines, car rental companies or hotels, it just created a way to search all airline prices . Google Express is not killing existing retailers, it just similarly creates a way to price shop all retailers on one central web site. But Amazon is killing competition and retailers. I'd rather have the competition stay around (Target, Walmart, etc..) vs. just one giant company AMZN.

Reply

***Richard Orberon***

*Jul 15, 2018 at 12:05 pm*

It is highly possible that the size of Amazon has reached a size that makes it a monopoly. They broke up Ma Bell's phone monopoly because it was too large. What is the difference?

I own Amazon I stock and have had it since 2000, so while I should be jumping up and down on how phenomenal my returns have been since then, I unfortunately don't own enough stock to retire. I have just under 50 shares, so it's worth about \$80,00 right now. I have been thinking about selling my shares, though, as I have a feeling the market will probably crash sometime this fall, so I want to lock up my profits. While I don't believe Amazon is in any danger of going out of business this fall, it will probably get hammered by overall sentiment and probably drop below \$1,000 a share when the proverbial organic solid waste matter hits the rotating air circulation device.

Reply

TrollyCar

*Jul 15, 2018 at 4:02 pm*

I am in IT. AWS is outstanding, and Microsoft's chances of catching up with Amazon on cloud services are slim to none. One huge problem Microsoft has is an intangible that industry followers have a hard time putting their finger on, but is very real for us in the trenches. Microsoft is going out of their way every day to alienate customers and developers. They need a cultural reset, and this seems very unlikely anytime soon, if ever.

Someone will reply to this post with "Oh, but Microsoft is a different company now..." or some such BS. But I know what I'm talking about.

Reply

*Wolf Richter*

*Jul 15, 2018 at 5:32 pm*

I doubt Microsoft has a large number of admiring and loving friends on this site :-]

Reply

Bob Jones

*Jul 15, 2018 at 7:23 pm*

My small business sells specialty clamping products via our website. To expand our reach we also sell on Amazon – but those prices are 20% higher to cover all of the ridiculous fees. Some customers prefer to buy via Amazon because "their company is already set up to make purchases there." But when Amazon bought some of our products they did so directly from us. Go figure.

Reply

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