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Amazon envisions market domination

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A former executive at AmazonFresh recently explained that the online giant's vision is to be the place where anyone can buy anything they want online.

Speaking at an educational session on retail trends at the Produce Marketing Association Fresh Summit Convention & Expo, Tom Furphy said Amazon continues to be the engine driving innovation as it moves further into the retail grocery sector. The Amazon veteran is now chief executive officer and managing partner for Consumer Equity Partners, but continues to watch Amazon with great interest. Along with session co-presenter Kevin Coupe of MorningNewsBeat.com, Furphy hosts a



podcast each week that discusses retail trends.
Furphy

Tom

As vice president of consumables he was intimately involved as Amazon evolved from selling books and electronics to consumer packaged goods and then on to perishables. He said the Amazon purchase of the Whole Foods chain is a natural progression and puts them in a good position to dominate digital sales of grocery. Commenting on the Amazon philosophy, Furphy said Amazon remains customer focused and does not really care about the competition. If the firm satisfies the customer, it believes it will ultimately succeed.

He believes Amazon as a digital company moving into perishables has an easier route than traditional supermarkets adding an online component. However, he said it was not easy. "It was a big leap, but the leap into fresh was ultimately a bigger one. Getting into the fresh food business was incredibly difficult."

He noted that one of their bigger issues was shrink. He said consumers have a higher bar of acceptance of quality when they are not doing the picking as is the case with online shopping. An in-store shopper will look at a display and pick what works for them and be happy about their selection. But when the item is being delivered to the front door picked by someone else, it better be perfect, Furphy said.

The company has gained market share in every category in which it has entered through its philosophy of offering convenience along with a very low price on most items. "Amazon is really smart on how they price," he said, adding that for the most popular and important items, the company has a very sharp pencil.

He said the addition of customer reviews was another great innovation that helped drive sales and gave the customer confidence in their purchases of consumable products.

Coupe noted that automatic replenishments for the consumer has been a great innovation and he thinks it could come to perishables at some point down the road. That feature allows online customers to have regular deliveries of such items as paper towels or dish soap. Amazon, and its

suppliers, will give the customers a discount to be regular consumers of such items. Utilizing the concept, both the brand and Amazon can get a customer for a very long time without that customer considering other options. Coupe acknowledges that the concept hasn't come to fresh items yet but questioned why can't a consumer buy a bag of avocados, for example, and have them delivered on a regular schedule.

In discussing Amazon's dominance, Furphy cited one more amazing statistic: When consumers are looking for a product to buy, they search Amazon first more often than all the other search sites combined.

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