

Amazon All Set to Buy Whole Foods for the Monstrous Amount of \$13.4 Billion

The e-commerce giant, Amazon, has revealed that it is acquiring Whole Foods, the upscale-ish brick and mortar grocery chain, for a whopping \$13.4 billion. This strategic deal will definitely transform the organizations business model because Amazon will now also have a gigantic footprint in the physical retail space.

The acquisition of Whole Foods was announced on Friday. The aim is to make Amazon a bigger player in the brick and mortar grocery space. In the United States, average annual spending on grocery is in excess of \$800 billion, which reflects why the company decided to pursue such a grand acquisition.

This is not Amazon's first attempt to take market share from this space. Amazon rolled out AmazonFresh not too long ago. But even after launching AmazonFresh, they weren't able to create a big impact as most customers still like to purchase their snacks, fruits, and veggies in person.

With this calculated move, Amazon is all set to compete with Walmart at other similar businesses aggressively. To combat the situation, Walmart is contesting with the online e-commerce giant on the internet front.

Focusing on the apparel industry, Walmart acquired Jet.com last year and this Friday Walmart announced that it is acquiring online menswear fashion brand Bonobos for \$310 million.

Amazon is aggressively pursuing shoppers with its retail outlets. Apart from AmazonFresh, the organization also recently introduced Amazon Go. Their proof of concept store, in Seattle, offers buyers a cashier-free experience. Shoppers can simply walk in, shop like they would everywhere else, and then just walk out without going through checkout. Smartphone technology and store automation calculates the bill and charges buyers for their purchase.

Additionally, Amazon opened up multiple drive-through stores in Seattle where customers can stop to pick up their online orders.

These ventures have helped Amazon get into the retail space. But the acquisition of Whole Foods indicates that the company means serious business.

Whole Foods is a giant in the organic food market, but it charges a higher price point on everyday items. This may create a conflicting situation considering Amazon's standpoint as a low-price seller. It is speculated that Amazon will continue with this deal in a similar fashion as it does with its bookstores by offering customers Prime membership. Whole Foods' physical presence can also cut down Amazon's delivery time on online orders.

Although most of this is great news, but questions like whether or not the automation technology implementation by Amazon will ultimately lead to job losses at Whole Foods brings about some concern. This information still is unclear.

According to analysts, if the deal plays out, Amazon and Whole Foods will account for 3.5% of grocery spending in the US, which will make them the fifth largest grocery retailer in the country.