



How the Amazon-Whole Foods Deal Redefines the CPG Retail Game

The Rules of CPG Retail are Being Redefined

An Insight

The news of Amazon's intent to purchase Whole Foods, has caused more than just a ripple in the Grocery and CPG retail industries. It comes at the start of serious disruption within retail landscape and marks a change in the rules of how the CPG retail game has been played.

Traditional brick and mortar retail competition has been run on merchandising, store layouts, store systems, store operations, costs and pricing. Amazon's move into the industry indicates the playing field is likely to change very rapidly. "Data" is at the core of e-Commerce and "good product data" is an area Amazon excels at. Product Data is essentially the basis on which consumers online make purchases and just as with segments like books, electronics, apparel and other categories. High quality, accurate, consistent product data is going to play a key role of grocery and CPG product sales online too.

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The "Product Data" Factor

Product Data is a key strategic asset in the new world and traditional retail organizations will have to take a closer look at their process & infrastructure for collecting, managing and utilizing product data across the organization in the most efficient manner possible. While in physical stores, packaging, shelf placement, merchandising all play key roles in the selection and sales of products, it's the product data that becomes the differentiating factor online. More accurate data = more online sales!

Having good product data developed within the retail organization, addresses some key areas:

- Getting products to market quicker. Online, it's about being ready to syndicate product content and make it available on sites, online stores or applications where consumers can make purchases.
- Ensuring a consistent omni-channel product experience online, offline and through any channel the consumer is on.
- Solving consumer's desire for deeper transparency while making purchase decisions.
- Internal analysis of attributes to understand consumer behavior and develop better, more sought after products.
- Marry product data with contextual data for better marketing both in-store and online.
- Easier compliance with regulation that require availability of certain attributes at the point of purchase including online channels.
- Improved unified commerce systems that can fuel both online and offline sales for the retailer.

This landmark deal between Amazon & Whole Foods doesn't just stir up the landscape for CPG retailers. It also impacts CPG brands in a big way too. It levels the playing field for smaller brands or vendors who operated in restricted local markets. If these smaller brands are able to provide their product and great product content to Amazon quickly and efficiently, they can eat into the market share of larger more national/global brands. Once again, in the newer landscape, the ability of a manufacturer or brand to supply high quality product data will impact their ability to compete.

Since the announcement of the deal there has been a lot of talk of doomsday for brick and mortar retailers, but this isn't necessarily true. There's a learning curve that Amazon will have to go through within the groceries retail industry in order to replicate their success with other categories. Likewise, there's a learning curve the brick and mortar centric retail organizations will have to go through in order to succeed online and developing product data capabilities and technology will feature front and center within that process to scale quickly in the areas that matter.

Regardless of which way the coin falls, the race to acquire and build product data assets that can power the online grocery industry growth is on and the beginning of a shift in the retail landscape is here.

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