

Amazon or Walmart? Some retailers are choosing alliances

November 14 2017, by Anne D'innocenzio



This Thursday, June 1, 2017, file photo, shows a Walmart sign at a store in Hialeah Gardens, Fla. Walmart announced Monday, Nov. 13, 2017, that it will devote a section on its website to upscale Lord & Taylor, the latest strategic partnership as retailers make alliances. (AP Photo/Alan Diaz, File)

Store chains feeling the upheaval in retail are making strategic alliances—and that can mean picking sides.

Kohl's shoppers can find Amazon devices at some stores, and return items they bought from the online retailer. Nike has made some of its sneakers available through Amazon. The owner of Sears is selling

Kenmore-branded appliances on Amazon in some markets. And Best Buy is teaming up with Amazon for voice shopping.

Meanwhile, Walmart, which has the most store locations, is assembling a coalition of its own: buying smaller online brands and becoming the highest-profile partner to Google in voice shopping. And the discount chain that touts low prices announced a web partnership Monday with high-end department store Lord & Taylor.

"When you are in an historic uncharted chaotic situation, you often see these strange bedfellows," said Joel Bines, co-head of AlixPartners' retail practice and a managing director at the firm.

Since the beginning of the year, several retailers have filed for bankruptcy protection, including well-known names like Toys R Us. And retailers have announced thousands of store closings, with more expected. Analysts say some brands realize they might not succeed alone.



In this Wednesday, Oct. 25, 2017, file photo, people walk on a sidewalk along the entrance to Lord & Taylor department store at Garden State Plaza in Paramus, N.J. Walmart announced Monday, Nov. 13, 2017, that it will devote a section on its website to upscale Lord & Taylor, the latest strategic partnership as retailers make alliances. (AP Photo/Julio Cortez, File)

"You have to be challenging accepted norms. So you might find partners that you normally wouldn't have considered," said Wendy Liebmann, CEO of WSL Strategic Retail. "This has exploded because of the urgency to change. You look at retailers who are closing or struggling."

So as Amazon moves even further into fashion, home electronics and grocery stores, and cements shopper loyalty with its \$99-a-year Prime membership, stores are developing partnerships with the online retailer to increase customer traffic or expand their offerings online.

At the participating Kohl's stores, shoppers will find 1,000-square-foot

Amazon areas that sell Echos, Fire tablets and other gadgets. People can also arrange to have an Amazon employee visit their home and install a device or recommend smart home products to buy. And some stores pack and ship eligible Amazon return items for free. Kohl's hopes the arrangement brings in shoppers who might pick up clothes or home items.

Analysts say other department stores, facing the same kind of issues, could follow.

From its base with 4,700 U.S. stores, Walmart is lining up other partners. In voice shopping, it hooked up with Google, which has signed up other chains such as Target and Home Depot to fight the dominance of Amazon's Alexa-powered Echo devices.



In this Thursday, July 20, 2017, file photo, the Kenmore Elite Smart French Door Refrigerator appears on display at a Sears store in West Jordan, Utah. Store

chains watching the upheaval in retail are making strategic alliances. For example, the owner of Sears is selling Kenmore-branded appliances on Amazon in some markets. (AP Photo/Rick Bowmer, File)

Lord & Taylor's president Liz Rodbell told The Associated Press the arrangement with Walmart allows the chain to attract new customers who already are buying higher-end products on Walmart.com. She called the partnership "a pivotal moment" for the retailer. It comes after the chain's parent company announced last month it was selling its New York flagship building to WeWork and leasing back a portion of the space.

Neither company would say the financial details of the arrangement.

Denise Incandela, head of fashion at Walmart's U.S. e-commerce division, says it's focusing on specialized shopping experiences, starting with fashion. Since the \$3 billion-plus acquisition of Jet.com last year, Walmart has bought several online brands like Bonobos and ModCloth.

Analysts say Walmart is developing its own higher-end online mall as a way to counter Amazon's dominance. Bines said it's a good strategy, since Walmart.com could attract "an entirely different demographic" from the chain's physical stores.

Walmart [store](#) customers have a median household income of about \$48,000, below the \$56,000 for [walmart.com](#) customers, according to Craig Johnson, president of the retail consulting group Customer Growth Partners. Amazon.com shoppers have a median income of \$85,000, Johnson estimates.



In this Tuesday, Aug. 22, 2017, file photo, a car drives by the entrance of a Kohl's department store in Orlando, Fla. Store chains watching the upheaval in retail are making strategic alliances. For example, Kohl's shoppers can find Amazon devices at some stores. For Kohl's, the Amazon partnership offers lots of potential: It pulls online and voice shoppers into the stores where they might pick up clothes or home items. (AP Photo/John Raoux, File)

Liebmann says the bigger question is whether there would be any resistance from Lord & Taylor shoppers. Bonobos and ModCloth fans complained vociferously on social media when reports were swirling about Walmart's move to buy the brands. "It has to be presented well," Liebmann said.

Overall, Bines expects Amazon and Walmart to announce more partnerships. "In the next two or three years, companies will chose sides," he said. "But after that, the lines will be blurred."

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