

Amazon to cut prices on Whole Foods staples like eggs, beef

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This Monday, Aug. 7, 2017, file photo shows an Amazon sign at a store in Hialeah, Fla. Whole Foods shareholders voted Wednesday, Aug. 23, 2017, to bless a \$13.7 billion union with Amazon that the organic grocery chain's CEO had called "love at first sight." By buying Whole Foods, Amazon will get more than 460 stores and potentially very lucrative data about how shoppers behave offline. (AP Photo/Alan Diaz, File)

Amazon is moving swiftly to make big changes at Whole Foods, saying it plans to cut prices on bananas, eggs, salmon, beef and more as soon as it completes its \$13.7 billion takeover next week.

Looking ahead, Amazon hopes to give Prime members special savings and other in-store benefits. The moves fit in Amazon's track record of keeping prices low to lock in customer loyalty.

It's an "opening salvo" in the grocery wars, said Neil Saunders, managing director of GlobalData Retail, and shares of other supermarkets fell on the news.

"Rivals should be under no illusion that they are now dealing with a competitor that is not afraid to damage profits and margins if it creates long-term gains," Saunders said in an analyst note.

Amazon's announcement that it plans to close the deal Monday comes a day after Whole Foods

shareholders approved the deal and the Federal Trade Commission said it would not block the deal. Amazon will pay Whole Foods shareholders \$42 per [share](#), marking an 18 percent premium from its stock price the day before the tie-up was announced on June 16. They were at \$41.98 on Thursday.

By buying Whole Foods, Amazon is taking a bold step into brick-and-mortar, with more than 460 stores and potentially very lucrative data about how shoppers behave offline. Whole Foods, meanwhile, had been under intense shareholder pressure to improve results and retain customers who have more choices about where to get natural foods. Discount chains like Lidl and Aldi have been expanding in the U.S. as well.



This Friday, June 16, 2017, photo shows a Whole Foods Market in San Antonio. Whole Foods shareholders voted Wednesday, Aug. 23, 2017, to bless a \$13.7 billion union with Amazon that the organic grocery chain's CEO had called "love at first sight." By buying Whole Foods, Amazon will get more than 460 stores and potentially very lucrative data about how shoppers behave offline. (AP Photo/Eric Gay)

Whether Amazon will succeed in the fiercely

competitive grocery segment is unclear, but customers are going to benefit from the attempt, said Charlie O'Shea, lead retail analyst at Moody's Investors Service.

"Amazon can come in and price items very low," he said. "Its shareholders are agnostic about profit, and seem more interested revenue and market share. That's a competitive advantage."

Rivals have been scrambling to catch up with the e-commerce giant. Walmart, which has the largest share of the U.S. grocery market, is expanding its grocery delivery service with ride-hailing service Uber and announced Wednesday that it will join forces with Google to let shoppers order goods by voice on Google devices.

But Walmart's shares were off 2 percent, and shares of other big grocery businesses fell more. The Kroger Co. dropped nearly 8 percent. Target, Costco and Supervalu all fell.

Among other Whole Foods items getting discounts Monday: avocados, tilapia, baby kale, apples and rotisserie chicken—all organic, according to an Amazon press release.

The company also said certain Whole Foods products will be available through Amazon.com, AmazonFresh, Prime Pantry and Prime Now.

Earlier this month, Amazon sold \$16 billion of bonds in order to pay for the purchase. Its shares were down 0.6 percent to \$952.45 on Thursday.

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