

Amazon vs. Wal-Mart

This text is about Amazon and Wal-Mart. Some useful phrases are highlighted and explained below. Don't forget to answer the quiz and leave comments about the discussion questions.

For years, Amazon and Wal-Mart have been **engaged in** a battle over shoppers. Wal-Mart has sold goods in **bricks-and-mortar** stores to **cost-conscious** customers. Whereas, Amazon, the world's largest online retailer, has **catered to** the internet generation of more **affluent** internet shoppers. Wal-Mart is by far the **dominant force** in this war but that position looks **to be under threat**.

The economic climate has made a vast majority of customers more **price sensitive** than before. With unemployment figures on the rise and salaries either not increasing or in some cases decreasing, people are willing **to shop around for a bargain**. Add to this the growing use of mobile phones with internet access and you have an expanding group of customers able to find the lowest price on almost any product either in a shop or online. In fact, the term 'scan and cram' is being used to refer to customers who visit Wal-Mart, scan a product's bar code and then buy it online at a cheaper price.

Wal-Mart is aware of **the threat posed by** Amazon so is **putting more money into** its online operations. In the past 12 months, Wal-Mart has bought 5 new technical companies including one which specialises in mobile phone apps. Their hope is to make their online shopping procedure easier and more attractive, particularly to mobile users. Another brave step is the expansion of its online payment methods to include cash. This is where merchandise can be reserved online and then paid for with cash in a local store.

Cheaper prices have long been the **USP** at Amazon which has been made possible in the US as they **exploit a tax loophole** in several US states. Unfortunately for Amazon, this will be closed this year and **the knock on effect** will certainly raise prices, perhaps **across the board** and may just put both companies **on an equal footing** where prices are concerned.

Amazon is also ready to test a small, **boutique store** in Seattle and if it goes well have plans for a national chain. With Wal-Mart boosting its online shopping experience this means soon there won't be much difference between them and customers will choose solely based on customer service and convenience.

Useful language

To be engaged in sthg	A participant in sthg
Bricks-and-mortar	A physical shop
Cost-conscious	Looking for a low price
Catered to	Made/Sold products to a certain group
Affluent	Rich
Dominant force	The leader
To be under threat	To be in danger
Price sensitive	To place more importance on the price
To shop around for a bargain	To visit different shops/sites to find a cheap price
The threat posed by X	The danger that X represents
Putting more money into sthg	Investing more money in sthg
USP	Unique Selling Point or Proposition. Something special to that product/company that makes it different
To exploit a tax loophole	To take advantage of an area without clear laws
The knock on effect	The subsequent influence
Across the board	In all areas
On an equal footing	At the same level with no advantages
Boutique store	A small store often within a large department store selling specific products

Quiz

Which is the best company?

Wal-Mart is the best because you can go and see the products, it's really cheap too.

Amazon sells everything and shopping online is better than going to a store.

Discussion questions

- 1) Why does Wal-Mart want to invest more money in e-shopping?
- 2) Should Amazon open bricks and mortar stores? Why?
- 3) Who will win this war and how?