

Google and Walmart team up to take on Amazon

SAN FRANCISCO, US - Walmart, the world's biggest retailer, and Google, the internet's predominant search engine, are teaming up in an attempt to challenge Amazon's growing dominance in online shopping.



The venture, announced early Wednesday, marries Google's hands-free voice activated Google Home program to Walmart's vast network of US stores to allow customers to order groceries and other items to be home delivered through Google Express.

The initiative is a direct rebuttal to Alexa, Amazon's popular artificial intelligence program, and comes as the online retailer prepared to swallow Whole Foods Market in a transaction that will exponentially expand Amazon's presence in brick-and-mortar stores and is expected to lead to home delivery of food through Amazon's subscription prime program.

On Wednesday, Whole Foods shareholders voted to support the \$13.7 billion takeover by Amazon.



Amazon deal seen as disruptor of grocery business

19 Jun 2017



Scott Kessler, a CFRA analyst who covers Google parent Alphabet, said the announcement made sense for both companies, filling in a gap in Walmart's technology profile with the addition of voice-ordering capacity and potentially boosting Google's standing in e-commerce.

"What seems to be happening is a lot of the companies are coming together to offer an alternative to Amazon and this is one example of that," Kessler told AFP in an interview.

Walmart Stores head of e-commerce Marc Lore said the initiative will permit customers to voice order hundreds of thousands of items beginning in late September. Wal-Mart plans to integrate its "easy reorder" service into the program, which allows customers to repeat orders of household staples and other frequent purchases with a few fast clicks.

"This will enable us to deliver highly personalised shopping recommendations based on customers' previous purchases, including those made in Walmart stores and on Walmart.com," Lore said in a blog post.

Walmart holds the biggest share of the US grocery market of any retailer, with a network of nearly 4,700 stores that the company says are located within 10 miles of about 90% of the US population. But it has faced increasingly stiff competition from Amazon, which is a big leader in e-commerce.

Walmart last week reported a 2.1% rise in second-quarter sales to \$123.4 billion, but net income fell 23.2% to \$2.9 billion, in part due to more aggressive spending on e-commerce.



Wal-Mart pushing hard to catch Amazon in e-commerce

16 May 2017



For Google, the addition of Walmart gives its platform access to a retailer even more massive than the stores now participating, which include Target and Costco Wholesale, two other big box retailers.

"We're entering an exciting partnership with Walmart to bring you hundreds of thousands of products at Walmart's Every Day Low Prices - everything from laundry detergent to Legos - that you can buy through voice with your Assistant on Google Home or on the Google Express website or app," said a blog post from Google senior vice president Sridhar Ramaswamy.

"We're thrilled to partner with one of the most popular stores in America to help make your shopping faster and easier."

Ramaswamy also announced it was dropping its annual fee under Google Express (\$95 per year) and would provide free delivery to larger orders, at least \$25 or \$35 with most stores.

Colin Sebastian, an analyst at Baird, said Google's move should boost sales of Google Home and reflects its belief that e-commerce through voice platforms is a growth area. "We expect voice commerce to become a more important part of Google's revenue model over the long haul, in particular as more searches migrate to voice platforms, and where transactions may ultimately stand in for advertising," Sebastian said.

"For Walmart, we believe the partnership with Google helps address risks associated with the ramp (up) in voice commerce, in particular the increasing number of searches and product orders flowing through Amazon's Alexa voice ecosystem."

In midday trading, shares of Google parent Alphabet rose 0.5% to \$929.10 and Walmart Stores advanced 0.2% to \$80.15.

Source: AFP

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