

For Immediate Release
July 13, 2017

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Food Fight: Discovering Eight Truths of the New Era of Retail: Amazon's Acquisition of Whole Foods

The acquisition of Whole Foods by Amazon is discussed throughout the paper to illustrate not only where grocery is headed, but even more importantly, where retail is headed today.

Raleigh, NC - [Jim Tompkins](#), CEO of Tompkins International and MonarchFx, supply chain and retail operations strategy expert, reveals the eight truths of retail success in his latest white paper, [Food Fight: Discovering Eight Truths of the New Era of Retail](#).

Over the past 20 years many retailers have had the dream of entering the food retail business. The appeal is undeniable huge revenues, repeat business and in-store traffic. The fascination has resulted in a proliferation of food retail models ranging from dollar stores, off-price stores, convenience stores, drug stores, supermarkets, discount supermarkets, premium supermarkets, farmers markets, restaurants, online retailers, specialty/natural food stores, supercenters and warehouse clubs. The appeal and fascination fades when the reality of low margins, a shameful amount of waste and slow sales growth sets in.

The acquisition of Whole Foods by Amazon will not only have a huge impact on food retailing, but due to Amazon being the “Everything Store” and being the “Everything Company” with Amazon Web Services, Fulfillment by Amazon (FBA), Amazon Prime and a significant assortment of Private Labels, the Whole Foods acquisition will have a huge impact on all retail. Although there are many lessons to be learned from grocery to non-grocery retail, one needs to be aware that with the margins in food retailing being substantially lower than in non-food retailing, what is true in grocery may or may not be applicable to non-food retailers.

The foundation for Amazon's growth model to date has been the realization that forward deployed inventory on a massive scale produces unit delivery costs that are lower, shipping distances that are shorter and customer satisfaction that is higher. The real genius behind Amazon's model was the insight to turn its supply chain infrastructure into a collaborative platform. Greater volumes drive lower costs and lower prices, thereby attracting higher volumes.

The challenge now for retailers who choose not to work with Amazon is how to tap into the power of the “Amazon Growth Model”. It is clear no retailer themselves can compete

with the Amazon post clique logistics ecosystem. Therefore, what is needed is a collaboration of retailers, brands and marketplaces working together as one. A collaboration model has been developed and is rolling out these capabilities for Holiday 2018. This model is The MonarchFx Alliance.

[The MonarchFx Alliance](#) is the only post clique logistics ecosystem that will work in conjunction with an already in place retailer's post clique logistics network, offering the speed of delivery of Amazon at operating and capital cost significantly less than the cost of doing one's own post clique logistics.

The Amazon growth model has run into a real road block with grocery. Pantry works well with the traditional Amazon growth model, but it does not work for Fresh. Fresh requires stores. Amazon has jumped into the deep end of the pool with the acquisition of Whole Foods.

This is the beginning of the era of new retail, retail innovation, a new shopping experience, game-changing Demand-Driven Replenishment and an Each Supply Chain. This new era will place the customer in charge of the Unichannel to enjoy the exploration and experience of shopping while maximizing convenience, value and selection. This new era of retail will drive retailers' success and profitability.

About Tompkins International:

A supply chain consulting and implementation firm that maximizes supply chain performance and value creation. We enable clients to be more profitable and valuable, while also becoming more agile, flexible, and adaptive to the marketplace. Tompkins collaborates with client teams to develop improved operations strategies, supply chain planning, and execution across all the Mega Processes of supply chains (PLAN-BUY-MAKE-MOVE-DISTRIBUTE-SELL). Tompkins is headquartered in Raleigh, NC and has offices throughout North America and in Europe and Asia. For more information, visit: www.tompkinsinc.com.

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