

Amazon wants to make Whole Foods an everything store

Article



The news: Amazon is building a micro fulfillment center that's attached to a **Whole Foods Market** store in Plymouth Meeting, Pennsylvania, per CNBC.

- When the facility opens next year, Whole Foods shoppers will be able to order items from Amazon's website and [Amazon Fresh](#) and then pick them up in-store.

- The project is testing whether Amazon can capture a greater share of consumer spending by letting Whole Foods shoppers pick up items from its vast catalog—including staples like **Bounty** paper towels the upscale chain doesn't carry.

The physical everything store: While Amazon has long positioned its online presence as “the everything store,” it has yet to figure out a formula that works offline.

- The retailer recently closed three of its Amazon Go convenience stores, and it's also shuttered several other concepts—including its apparel-focused stores, bookstores, 4-star shops, and pop-up stores—amid corporate belt-tightening.
- Even the 2017 acquisition of Whole Foods Market—its major push into physical retail—didn't go as planned due to friction between Whole Foods and Amazon executives that delayed key initiatives like Prime members discounts at Whole Foods and using the stores to handle Amazon returns.
- That helps explain why **the retailer's physical stores**—the majority of which are Whole Foods Market—**generated \$5.21 billion in Q2, less than 2% of the company's overall sales.**

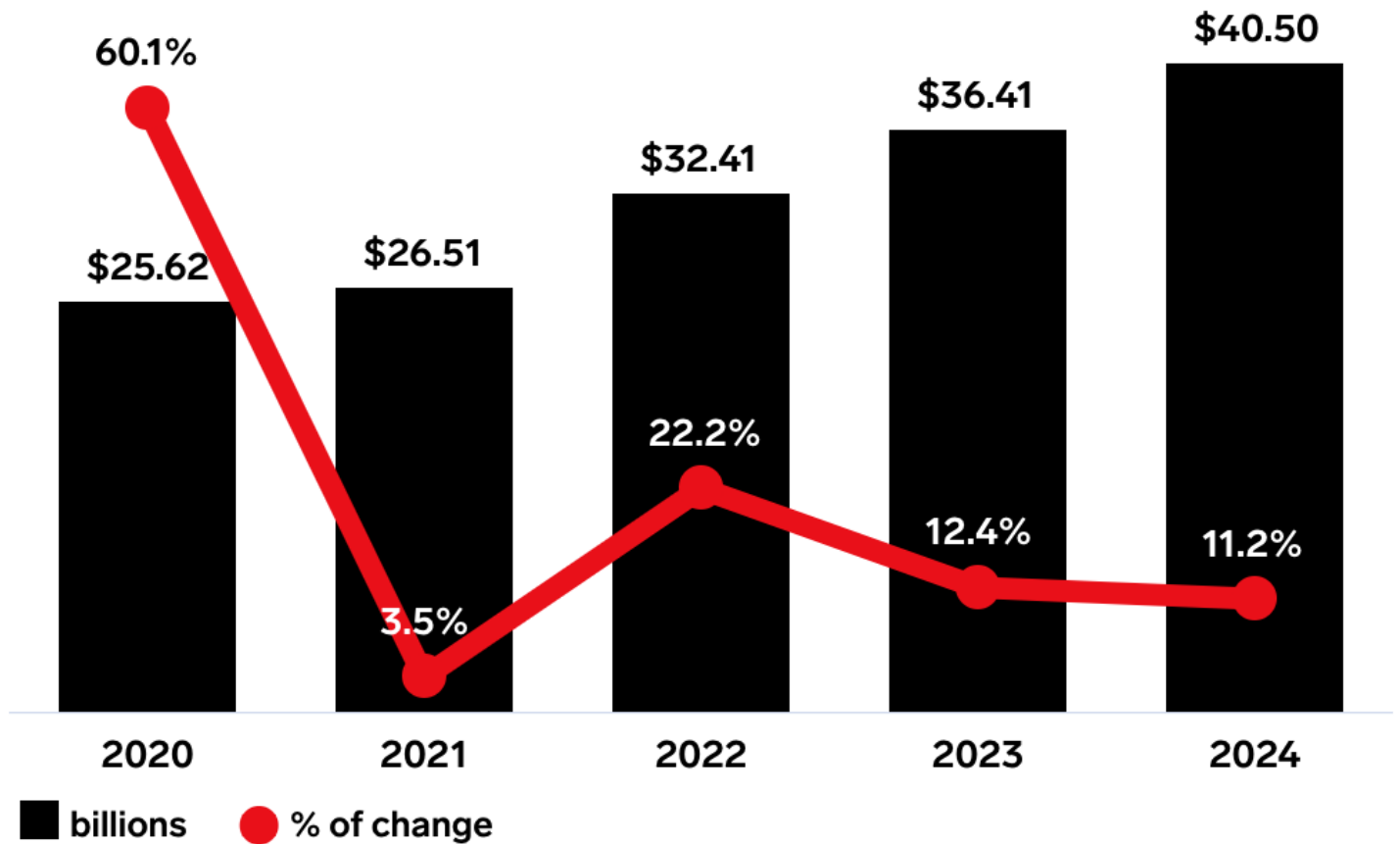
Our take: Amazon's goal is for customers to rely more heavily on Whole Foods for their shopping needs. That would be a departure for the average consumer who shops at two grocery stores per week, according to Drive Research.

That's a heavy lift.

- Even if sales skyrocket, expanding the effort may prove challenging given that Whole Foods only has about 500 locations, many of which are in urban environments that aren't conducive to building a micro fulfillment center annex.
- If Amazon wants to make a serious dent in the grocery landscape beyond Whole Foods and the 50-some Amazon Fresh locations, it will likely need to acquire a company with a larger footprint.

Amazon Grocery Ecommerce Sales

US, 2020-2024



Note: represents the gross value of grocery products sold on Amazon.com (browser or app), regardless of the method of payment or fulfillment; includes Amazon Fresh and Whole Foods delivery and pickup; includes direct and marketplace sales; excludes fuel

Source: EMARKETER Forecast, November 2023