By the editors of **Internet Retailer**

internetRETAILER®

portal to e-commerce intelligence

OCTOBER 2016

How to Sell Against Amazon

Introduction

Amazon.com Inc. has built itself into such a force that when it makes a move, the market quivers—literally. For example, Amazon on Sept. 21 launched AmazonPrints, a new photo-printing service in which it had no track record of doing well or even doing at all—Shutterfly Inc. shareholders sold off 1.04 million shares the same day. That's about five times the normal trading volume for Shutterfly, which has sold photo prints and photo books online since 1999 and, with more than $1 billion in web sales last year, ranks among the 50 largest e-retailers in North America in its own right. Shutterfly's share price fell more than 12%—its largest single-day drop in more than eight years. (As of press time, Shutterfly's stock hasn't fully recovered.)

It was a very visible show of the growing weight Amazon brings to bear.

Amazon's share of U.S. e-commerce sales ballooned to 33.0% in 2015 from 25.4% in 2012, when combining Amazon's sales of its own goods to U.S. customers and the value of goods sold by other retailers on its marketplace. It also means that Amazon was responsible for 60.5% of all U.S. e-commerce sales growth in 2015 and 23.8% of U.S. retail sales growth, when factoring out goods not normally purchased online.

"To bottom-line it, Amazon is growing very rapidly and at a large scale and essentially sucking all of the oxygen out of the e-commerce room and, in fact, the overall retail room," says ChannelAdvisor Corp. chairman and longtime Amazon observer Scot Wingo.

Amazon's vast selection, fulfillment structure and, most importantly, Prime membership program are making it possible for Amazon to put more distance between itself and its competitors. So how is an e-retailer that isn't Amazon supposed to compete? This report digs into Amazon's business and the sales strategies e-retailers are using to carve out and defend their competitive niche. Some want nothing to do with Amazon, while others are finding a way to simultaneously work with e-retailing's leader and compete with it.

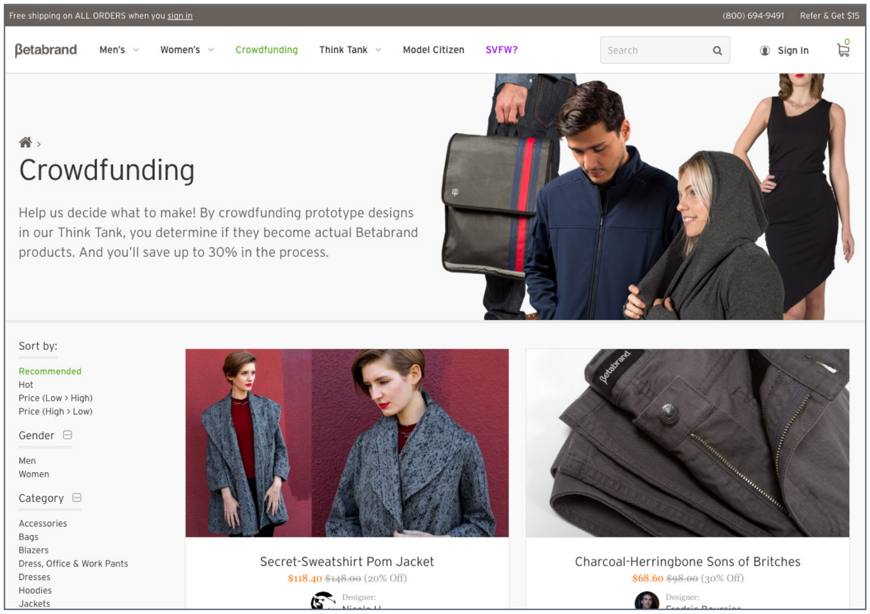
Smaller **e-retailers**

E-retailers that aren't Amazon.com Inc. face headwinds, but a close look at the numbers shows they are holding their own. Smaller and midsized e-retailers—those that brought in between $1.7 million and $28.3 online last year and are ranked in Internet Retailer's 2016 Second 500 Guide—collectively grew sales 14.9% last year, slightly ahead of total industry sales growth of 14.6% as estimated by the U.S. Department of Commerce. Larger e-retailers—those ranked in Internet Retailer's 2016 Top 500 Guide—grew less than the Commerce Department's growth estimate, as their sales increased only 13.5%. Last year was the first time since Internet Retailer began tracking the smaller end of the market in 2011 that small and midsized e-retailers outgrew, on a percentage basis, their larger competitors.

So what are these merchants doing differently?

Let's look at some examples from smaller e-retailers.

Betabrand Inc.



Internet Retailer designated apparel retailer Betabrand Inc. (No. 640 in the Second 500) as the top performer* among small to midsized e-retailers. The retailer, which sells online and via one physical store in San Francisco, has a 73.2% five-year compound annual growth rate, and increased web sales 50% in 2015, according to Internet Retailer estimates.

Betabrand's business model and product mix are distinct. Betabrand designs, manufactures and sells apparel based on how online consumers vote on new products displayed on the site, and it has an effective social media strategy that drives a large portion of its business. In addition to voting for the designs they want to see manufactured, consumers can preorder them at a discounted price. That automatically gives Betabrand a group of interested buyers from which it can estimate overall demand.

Betabrand also has a large and engaged following on social networks, and this shows up in the merchant's website traffic makeup, as 12.8% of its site visitors arrive directly from social networks, according to web traffic measurement firm Millward Brown Digital. This is five times higher than the average 2.6% received by small-to midsized web merchants.

Betabrand also has created a model in which it faces no direct competition: Consumers can't buy Betabrand fashions anywhere other than Betabrand. That's a key aspect of its positioning versus Amazon, where Amazon and dozens of Amazon marketplace sellers may offer the same product for sale. This results in sellers driving pricing down to rock bottom, or to find another way to compete.

**Internet Retailer's proprietary performance ranking takes into account 10 measures of online sales, growth and competitive position. The formula includes 2015 web sales, web growth, 5-year CAGR, conversion rate, mobile optimization, load time and social media referral traffic.*

Give the customer what he wants in a seamless way

We've reached an e-commerce tipping point. In fact, a recent study found that in 2015, 54% of all retail sales, or 1.8 trillion transactions, were influenced by the web. This includes everything from a shopper searching online for a product to her purchasing the product online and picking it up in a store.

But many retailers have found that getting a shopper to browse an e-commerce site is one thing, getting them to buy is another. After all, shoppers are increasingly web savvy, which means retailers need to provide the right experience.

Although Amazon.com Inc.'s huge online presence frustrates many retailers, they can compete by offering customers what they want and providing a seamless sales and purchase experience.

"It comes down to customer intimacy and customer choice," says Jennifer Sherman, senior vice president of product and strategy at Kibo, which provides cloud-based omnichannel commerce software for retailers and branded manufacturers that sell direct to consumers. Retailers can differentiate themselves and build intimacy with shoppers by "leveraging your stores. If you have a store network, you have a leg up on Amazon in terms of places where a customer can go to explore your brand."

Retailers also can offer omnichannel services, such as the option to buy an item online and pick it up in a store, she says. "If you can get customers to the store, you have an advantage over Amazon," she says. "You have the opportunity to upsell and you're more likely to sell more product." However, Sherman cautions the in-store experience must "provide a compelling reason to further interact with the brand."

To improve online conversions, retailers need to personalize content to the consumers' desires, which means utilizing e-commerce to track shoppers' browsing behaviors to bolster their personalized product recommendations, adaptive e-mails and landing page services. This helped Sun & Ski Sports, a winter sports equipment and ski apparel retailer, boost sales after adding Kibo's real-time individualization software to its site. Shoppers who clicked on a recommended product had a conversion rate 57% higher than those didn't click on a recommended product over a 12-month period.

Beyond product recommendations, consumers want to engage with rich content, such as online videos and articles. That type of information helps a retailer distinguish itself from Amazon, she says. "Focus on how to get a shopper to engage with brands and give customers a way to do that," she says, For example, Cost Plus World Market offers recipes and Sur La Table offers online cooking. Adding this type of rich content management "isn't within Amazon's ability and web presence," she says.

Sherman explains there isn't heavy IT investment in implementing Kibo's cloud-based software. "For us it is about future proofing e-commerce infrastructure," she says. Many retailers still don't use omnichannel inventory/deliverability, which hurts them as 47% of customers surveyed found it essential to find products on line prior to visiting the store while 55% found in store pick up.

While Amazon's reach is massive, there are many ways for retailers to compete. The key, Sherman says, is to treat their customers "like they are unique as snowflakes."

ColorIt.com

Color It is young—it celebrated its first birthday in June. But the maker and purveyor of coloring books for adults sold $1 million worth of the books exclusively online in its first year.

And, unlike Betabrand, Color It relies on selling on Amazon for much of its sales. Co-founder Mike Jackness says hitting that $1 million sales mark would have been impossible without the existence of Amazon. Jackness, though, isn't an Amazon acolyte. He's pragmatic, and understands that more U.S. online shoppers look to Amazon first than any other e-retailer. 55% of consumers go to Amazon first when searching for products, according to a BloomReach Inc. survey conducted in September. That's up from 44% a year earlier.

A consumer survey Internet Retailer ran earlier this year further bears these figures out. 90% of respondents said they were Amazon customers and, tellingly, 51% said they made more than half of their online purchases in the last 12 months with Amazon.

These consumer behaviors are why it made sense for Color It to debut its first title on Amazon in June 2015, seven months before ColorIt.com began taking orders. It was also right on time to capitalize on the adult coloring book market, which exploded last year. The Nielsen Co.'s BookScan service estimates U.S. consumers bought 15 million coloring books for adults last year, up from 1 million in 2014.

"The way we launched the brand is on Amazon," Jackness says. "This is an unprecedented time in history, especially online. To start a coloring book company before Amazon was a big, million-dollar venture. You needed a whole catalog before you could sell your first book."

But Color It debuted its first book on Amazon a mere handful of months after Jackness, his cousin (the artist behind the books) and other family members decided to get into the adult coloring book business. The fledgling company printed a limited quantity, listed the book for sale on Amazon as a marketplace merchant, and the sales and reviews started rolling in. Amazon takes a 15% cut of every order Color It gets on its marketplace. The team used the feedback from reviews to refine the product before committing to a bigger production run, creating more titles (it now has 12) and launching ColorIt.com.

"Consumers are discovering us on Amazon," he says. And for a company like Color It selling its own products and not having to compete with other merchants selling identical products, selling on Amazon "is just found business," Jackness says. Today, about 45% of Color It sales come through Amazon, and 55% from ColorIt.com, as the company makes branding and advertising investments, particularly on Facebook, Jackness say.

Color It uses Fulfillment by Amazon (FBA), the service whereby merchants pay Amazon to store and ship their goods for them, because the rates and fees Amazon charges are less than the rates it would pay any shipping company directly. Color It uses FBA for all orders, on and off Amazon. Color It pays FBA $1 more per shipment for ColorIt.com orders for Amazon to ship the order in a plain box, "so [consumers] don't think it is coming from Amazon."

Using FBA also means Color It products ordered on Amazon are eligible for fast, free shipping to Amazon Prime members. ColorIt.com, meanwhile, also offers free shipping on many orders because consumers expect it, Jackness says. But the e-retailer crafted its free shipping threshold in a way to ensure it still profits when a customer doesn't pay for shipping. ColorIt.com sells its coloring books for $15.99 each and sets the threshold to get free shipping at $30, which Jackness says more often than not convinces consumers to put a second book in their cart, bringing the order total to about $32. The weight of the second book adds only about $1 to the total shipping cost, increasing the margin Color It makes on the total sale.

Larger **e-retailers**

Larger online retailers are working to counteract the Amazon threat differently. They're mostly doing it in two ways: Those with stores are using those physical locations to provide conveniences Amazon can't, and others are offering services and specialized products not available from Amazon—at least not yet.

Amazon's web sales grew 16.3% in 2015. But some store-based retailers grew their online sales faster than that. Among them are several that many view as threatened by Amazon, namely Target Corp., which grew web sales 32.9% in 2015; The Home Depot Inc., 24.1%; Lowe's Cos. Inc., 39.9%; and Kohl's Corp., 30.0%.

Many of these big retail chains are making major investments in e-commerce and using their online and offline assets in concert to offer added convenience and faster delivery at a lower cost. The delivery effort is a counter to Amazon Prime delivery. As of early July, Internet Retailer estimates Amazon can offer 126.6 million U.S. consumers, or 39.4% of the U.S. population, same-day delivery. Members of Amazon Prime get this speed at no charge for orders of $35 or more. Consumers pay $99 annually for membership in Amazon Prime, a program that gets them fast free shipping, streaming video and music, online photo storage, early access to select shopping deals and a growing array of other perks. Amazon does not say how many consumers are Prime members, but securities research firm Consumer Intelligence Research Partners LLC estimates Amazon had 63 million U.S. Prime members at the end of June, up 43% from 44 million a year earlier.

That's a lot of consumers with growing expectations that e-retailers have to satisfy, whether it be by building more warehouses or making their stores work harder.

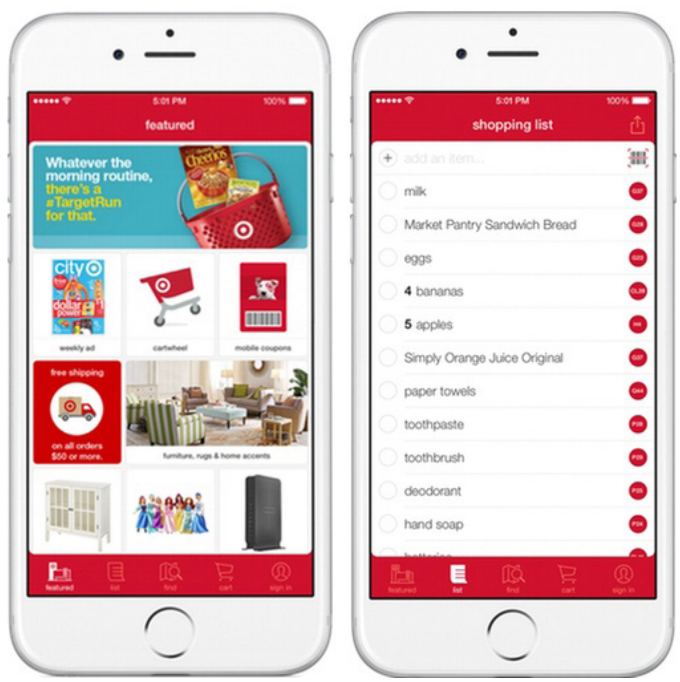
Let's look at some of these larger e-retailers' strategies and investments.

Target Corp.

First, a bit of history about Target, Amazon and e-commerce. Put simply, at the dawn of e-retailing, Target didn't want much of anything to do with it. Target operated its own e-commerce site for less than two years (1999-2001) before it outsourced its entire digital business—to Amazon.

Amazon ran Target's online store at Target.com and a Target storefront on Amazon.com for the next 10 years, taking a cut of each sale, similar to the marketplace model Amazon uses today, while it simultaneously amassed all the data about which consumers bought how many of which product. Analysts estimate Target paid Amazon $100 million annually in commissions and fees. Target relaunched Target.com as a fully transactional e-commerce site under its own control in 2011 and has since grown its e-commerce business at a five-year compound annual growth rate of 21.3%, according to Internet Retailer estimates.

Arriving late to e-retailing directly had Target getting into the business right about the time the



Arming small retailers

"Saving cities" seems like an odd mission for a technology vendor, but that's the calling for Montreal-based software firm Lightspeed, which believes that by helping arm the small, unique retailers that line cities' shopping districts with inexpensive cloud-based point-of-sale technology and e-commerce solution, it can prevent cities from becoming overrun with big box stores.

"We believe that if all the cities were made up of big box retailers, every city would be pretty much the same," says Jean Paul Chauvet, Lightspeed president. "So our mission is to retake cities by enabling small independent retailers and restaurant owners to sell more and better."

That requires local merchants to adapt to changing ways that consumers shop. "Behaviors have changed quite drastically, so this means the small retailer needs to adapt and adopt a lot of technology so they can compete," Chauvet says. Lightspeed offers a cloud-based point-of-sale system, e-commerce technology and an omnichannel platform that allows independent retailers or restaurants to use the technology to expand their businesses.

"Small independent businesses are very passionate about what they do and sell but aren't the best technologists," says Chauvet. "What we do is make something very simple and easy for them to adopt. They don't need to install software or maintain a database anymore; they basically have an iPad in the store that is connecting to the cloud where we do all the heavy lifting."

Studies show that today 90% of customers search for products online before going to the store, Chauvet says. That means it's essential that independent retailers have a presence online or they'll lose that business to Amazon.com Inc. or other online merchants.

Two sets of tools help retailers meet this need. One is a "native e-commerce engine" that enables Lightspeed stores to easily create an e-commerce website. The second is the cloud-based point-of-sale system that runs on iPads that provides within it inventory management software, as well as customer-relationship management software that allows a retailer to access information such as a shopper's purchase history.

The platform also enables retailers to offer such omni-channel services such as the ability to buy online and pick up in store. The software is priced at $89 per month, and Chauvet says Lightspeed adds roughly 1,500 new clients a month.

For retailers to survive, they need an online presence, he says. For example, he recently was searching for an electric bike to buy and went online and found the product he wanted was only sold at a suburban store, where he bought it. A week later, while riding around his neighborhood, he saw the bike for sale at a neighborhood bicycle store. "They lost the sale by not being online," he says.

Lightspeed's software has helped retailers like Papillon Living, which sells gifts and furniture in Brighton, England, manage its online and offline inventory. If an item is purchased in the shop, the reduction in inventory is automatically mirrored online. It also lets shoppers buy 24 hours a day. "Once we close the store doors we are confident that our web shop is providing the same service and look that would be provided in store," says co-owner Andrew Allen.

That's important as retail is in the midst of a major disruption, Chauvet says. "Brick-and mortar-stores will not die," he says. "But physical stores are constantly competing with online-only retailers for the same consumer. If a retailer isn't competing in one of those channels, it's missing out on an opportunity."

retail industry began buzzing about "omnichannel retail"—the strategy of selling in a coordinated way regardless of whether the consumer is shopping in a store, online, on a mobile device, via a social network or in any other way. Today, Target is considered a leader in omnichannel and mobile commerce. The retailer's 3-year-old in-store couponing mobile app, Cartwheel, has 27 million registered users, and Internet Retailer in June 2016 named Target the recipient of the Omnichannel Retailer of the Year award.

In a keynote address at the Internet Retailer Conference & Exhibition in 2015, Jason Goldberger, then the president of Target.com and mobile operations said: "How are you going to beat Amazon? The answer is simple. Target.com cannot beat Amazon. Target will beat Amazon." Goldberger was referring to all the retailer's digital and stores assets working in combination. Goldberger was later promoted to chief digital officer at Target but has since left the company.

More than half of online shoppers say they incorporate physical stores into their online shopping.

Target said earlier this year that it planned to spend nearly $1.8 billion on capital projects, with the majority of that being spent on e-commerce and supply chain improvements. It plans on spending $2 billion a year starting in 2017.

More than half of online shoppers say they incorporate physical stores into their online shopping, according to an Internet Retailer consumer survey. 54.3% say they've placed an order online and then gone to a nearby store to retrieve it. Consumers who buy online two or more times per month are more likely to have done so, with 60.1% saying they've used store pickup.

Retail chains including Target are capitalizing on that behavior. Target says 15% of the value of goods sold on Target.com get picked up in store—a service it's had in place since 2013—and the total number of Target.com orders consumers picked up in store increased 60% in 2015 from 2014.

Target also has what it calls "flexible fulfillment" in place. It uses more than 450 Target stores as mini-fulfillment centers, with employees at those locations picking, packing and shipping Target.com orders from store inventory. That means in some instances online orders can be shipped shorter distances, which reduces delivery time and, potentially, shipping cost. From April 2014 to April 2016, Target cut its average delivery time for web orders from 7.8 days to 4.8 days, a 38% improvement, according to Slice Intelligence.

"I have 1,800 mini-warehouses across the country," Target CEO Brian Cornell said earlier this year, referring to the number of Target stores.

Target this spring also began testing ways to introduce more Target store shoppers to its digital assets. 25 Los Angeles-area stores now feature "digital service ambassadors" at stations at the front of the store. The advisors are meant to help direct customers on where and how to pick up their Target online orders and to show off other Target digital assets, such as its mobile apps.

Target had an advantage with its omnichannel strategy in that it was able to study other retailers and learn from their process, said Karl Bracken, senior vice president of supply chain transformation at Target. "Being late to the game helped us avoid mistakes," Bracken said. "We're still not perfect today, but we continue to work on it."

The Home Depot Inc.

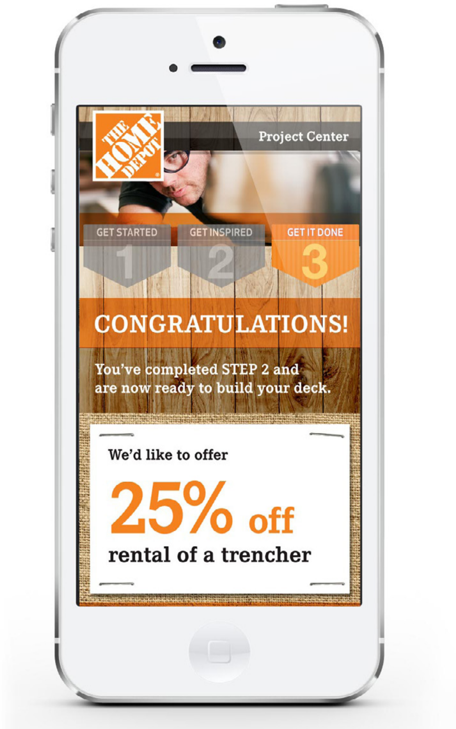
The Home Depot likewise has made a major effort to blend all its sales channels. To grow online, the home improvement products retailer concentrates on the basics of quick fulfillment and sticking with an e-commerce game plan that works. Home Depot, which is growing accustomed to increasing its annual web sales by about $1 billion each year, calls its e-commerce strategy "interconnected retail," reflecting the crucial role of its 2,200 stores in growing web sales. "We stick to what we know and can do best," says Kevin Hofmann, president of online and chief marketing officer for Home Depot. "It's been working pretty well so far."

Today, 42% of Home Depot's online orders are fulfilled by its stores, and it plans to have its "buy online, delivery from store" system in place at all stores by the end of 2016. "We've always delivered from our stores. The difference now is you can execute the transaction online and pick a much shorter delivery window for your delivery," said CEO Craig Menear in August. "The system allows customers to buy something online and schedule delivery from a local store, similar to how they would set up delivery for an in-store purchase."

Over the past several years Home Depot has invested about $300 million to upgrade its e-commerce distribution capabilities and do a better job integrating its web and store inventory and supply chain. It has five fulfillment centers dedicated to web orders.

Home Depot also understands mobile and how it can assist shopping online and in store. Mobile devices account for more than 50% of Home Depot's online traffic, the company says. To that end, Home Depot is currently enhancing its mobile functionality with features like larger, clearer product images, live mobile chat and a simplified checkout. The Home Depot initially launched its mobile app in 2009 as a way for consumers to browse products, and added buying capabilities in 2010. Home Depot built the app in-house and has a team of employees continually working on it, says Prat Vemana, vice president of product management and site operations.

The retailer has amassed 12 million downloads across all of its iOS and Android apps, which includes the flagship app, the Pro app, which is geared toward trade professionals, and Project



Color, an app for consumers to help them select a paint color. Consumers who have the flagship Home Depot app to search for products can see live inventory levels in nearby stores. The app also shows where the product is stocked within the store, down to the exact shelf.

> *Today, 42% of Home Depot's online orders are fulfilled by its stores, and it plans to have its "buy online, delivery from store" system in place at all stores by the end of 2016.*

SPONSORED SPOTLIGHT

Data is the secret sauce to compete with Amazon

When asked about the challenge Amazon poses to other retailers, Signal CEO Mike Sands relates a comment made in a report by Digital Clarity Group and Signal: "Amazon is like an irritating distant relative that shows up for Thanksgiving dinner, hoards the best parts of the turkey, controls the conversation and refuses to leave."

He's right. Not only was Amazon the most visited retail website in December 2015, internet users say it's the first place they begin holiday shopping when they don't have gift ideas. Plus, it is the primary holiday gift destination for 42% of U.S. consumers, according to a survey by Signal, a customer data and identity platform.

But there is a bright spot: Though overall retail holiday sales are expected to be flat this year, e-commerce sales are forecast to increase more than 17%, so there is market share to be won and dollars to be earned.

Sands says that while Amazon presents issues, retailers have a "secret weapon" to push digital sales: Their own customer data.

"By using first-party data to understand better than anyone else what their customers want and need, retailers can deliver data-driven relevance, personalized marketing and simple, seamless experiences – increasing the chances of making the sale over the competitor," Sands says. He outlines three strategies retailers should consider to provide "superior, data-driven experiences" this holiday season:

1) Use the power of first-party data to understand customers.

E-retailers have a wealth of online behaviorial data, not to mention the rich data in their offline customer-relationship management and point-of-sale systems. This data can provide e-retailers with deep knowledge of their customers, Sands notes. Retailers that connect this valuable data across channels and devices, and tie it back to the individual customer, will have the strong advantage of understanding customer needs and preferences better than competitors. Using this inside information, e-retailers can make more intelligent product suggestions, serve more relevant digital ads, and provide the kind of customized interactions that consumers have come to expect.

2) Make shoppers' lives easier by providing omnichannel services.

Holiday shopping turns into a slog for many, but retailers can make the path to purchase easier by using data to better understand and respond to consumers' cross-channel shopping behavior.

For example, many customers might start their shopping journey by researching on their smartphone but then buy on their desktop or in a store. Chain retailers with stores can provide this customer with services that remove omnichannel friction, such as buy online and pick-up in store, or in-store returns for online orders. "This effectively serves customers' needs and delivers the seamless cross-channel experiences they want," Sands says.

3) Leverage data for more targeted advertising.

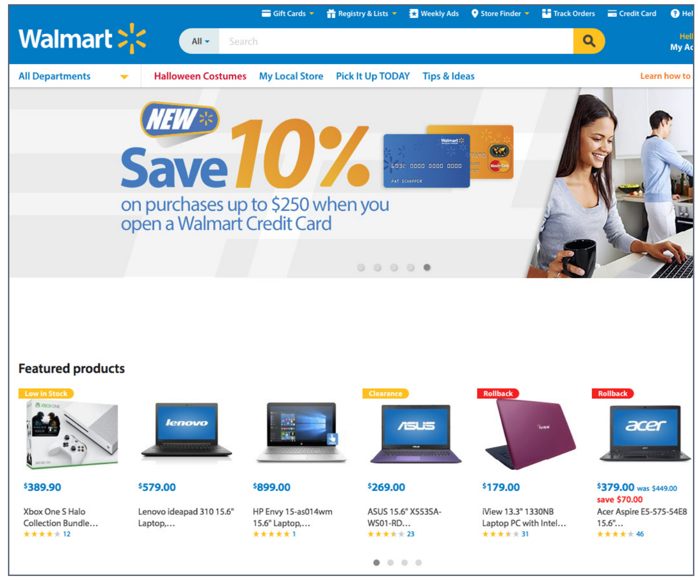
43% of consumers in Signal's survey say digital advertising on websites or mobile apps influences their gift buying. While retailers have traditionally relied on third-party data to power their ad-targeting, they are increasingly looking to their first-party data which is fresher and more accurate, to make such ads as effective as they can be. Using first-party data for targeting, also known as addressable media, can take digital advertising efforts to the next level.

Sands says retailers that use their customer data to understand customers' needs are better positioned to provide the personalized touch that is sometimes lost when shopping with large e-commerce retailers like Amazon.

Sponsored by:

SIGNAL®

Wal-Mart Stores Inc.



If any retailer is going head to head with Amazon in the United States, it's Wal-Mart and Walmart.com. Wal-Mart is the largest retailer in the world by sales, and yet is the seventh-largest online retailer by global web sales. Set side by side, Wal-Mart's total web sales ($13.7 billion) were about 15% of Amazon's ($92.4 billion) last year.

Wal-Mart's online sales growth slowed last year to 12.3% following several years of 20%-plus growth, but it has made several moves recently intended to sharpen its competitive edge. The biggest news was its purchase in August of online marketplace Jet.com, just days after Jet's first birthday, in a deal valued at $3.3 billion.

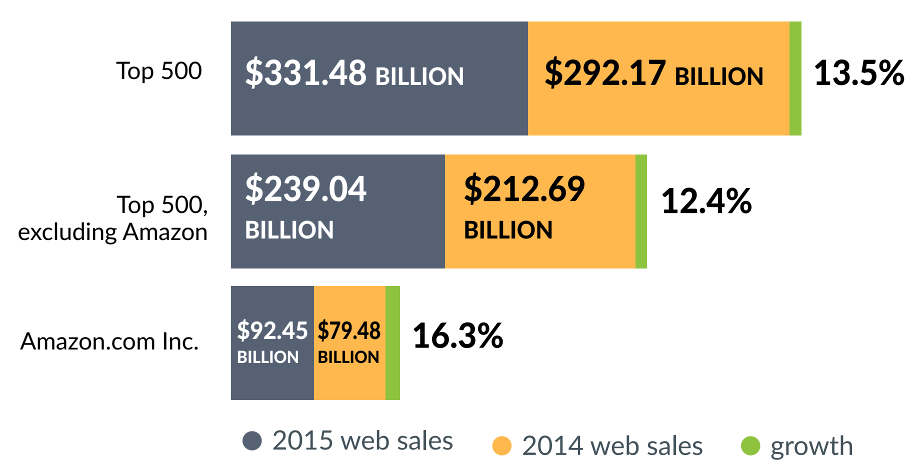
Jet isn't going to help Wal-Mart kill Amazon, but it may help make it a better competitor. Wal-Mart's leadership knows it must do more to stop Amazon's surge. They made that clear last fall when they committed to invest $2 billion in the next two years in e-commerce.

Wal-Mart says Jet's sales have reached an annual run rate of $1 billion, which suggests Jet has attracted a fair number of shoppers. Jet also has recruited 2,400 retailers and brands to sell on its marketplace, which could help Walmart as it builds out its own marketplace business. After allowing only a handful of merchants to sell on Walmart.com for several years, Wal-Mart earlier this year began actively recruiting sellers to join its marketplace. As of September, Walmart.com had more than 1,000 marketplace sellers listing more than 10 million SKUs, roughly double the 5 million SKUs it offered in April.

In contrast, marketplace merchants on Amazon offered 372 million SKUs in the second quarter of 2016, up 22% from 304 million a year earlier, according to an assortment analysis from investment firm R.W. Baird & Co. It has more than 2 million marketplace sellers.

Walmart.com also continues to test a fast-shipping program called ShippingPass. For $49 annually, consumers can get unlimited two-day shipping on select items with no minimum order. Wal-Mart says it has the ability to deliver merchandise—whether

Amazon's pull on the Top 500



Source: Internet Retailer 2016 Top 500 Guide shipped from a store or an e-commerce fulfillment center—to 95% of the U.S. population in two or fewer days. While Wal-Mart does not yet offer marketplace sellers a service like Fulfillment by Amazon, one of the big retailer's e-commerce executives recently let slip that it's considering such a program.

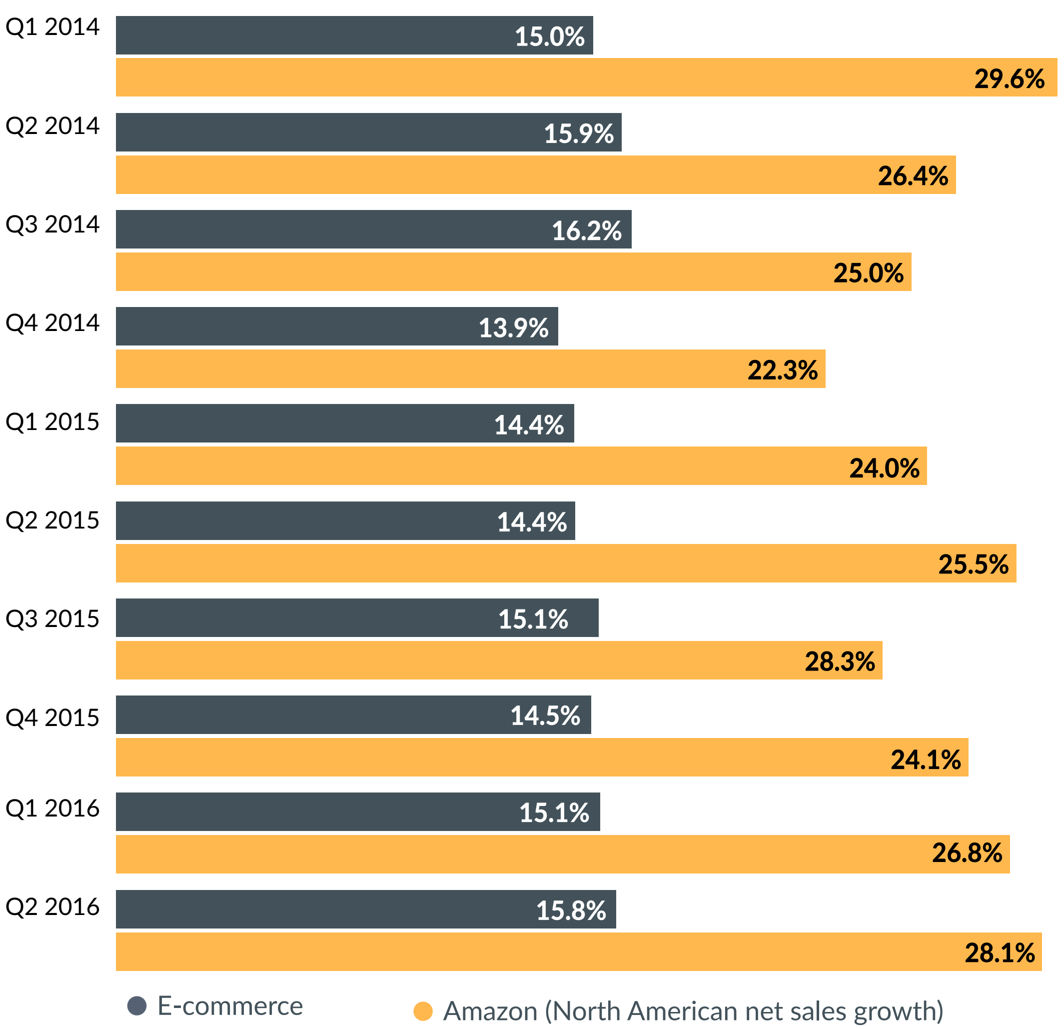
The Jet acquisition also brings some e-commerce firepower to Wal-Mart. Jet founder and CEO Marc Lore, who also founded, led and sold Quidsi Inc. to Amazon.com for $500 million in 2010, will oversee both Wal-Mart and Jet's online retail businesses. Lore's job responsibilities will be more focused on U.S. e-commerce than his predecessor Neil Ashe's responsibilities were as CEO of global e-commerce. Ashe will leave the company by the end of 2016.

"Marc's e-commerce experience and success are attractive. His mindset and the way the two of us have come together very quickly to see the e-commerce opportunities and share strategic opportunities and ideas together has been quite enjoyable," Wal-Mart CEO Doug McMillon said in a conference call discussing the Jet acquisition.

Whether McMillon and Lore's shared mindset and goals translates into a successful e-commerce strategy for Wal-Mart remains to be determined. It's at least the third time in less than a decade that Wal-Mart shuffled the top leadership of its online team—and so far there's no sign that it's put a dent into Amazon's growth.

Amazon grows faster than e-commerce

Amazon's North American revenue growth compared to U.S. e-commerce growth



Source: Amazon.com Inc., U.S. Commerce Department; non-adjusted figures

Conclusion

Amazon is, without question, the 800-pound gorilla in e-retailing. But online merchants of all sizes and backgrounds are finding ways to compete. For further reading on Amazon's strategic maneuvers and insights on how retailers of all sizes are either countering Amazon's actions or riding alongside it, see these recommended reads from Internet Retailer's archives.

Recommended reading from Internet Retailer

Why Amazon is suddenly swimming in profit, 8/8/16
https://www.internetretailer.com/2016/08/08/why-amazon-suddenly-swimming-profit

Secrets of Amazon Prime Day success, 7/26/16
https://www.internetretailer.com/2016/07/26/secrets-amazons-prime-day-success

An Amazon seller's secrets of success
https://www.internetretailer.com/2016/07/14/amazons-sellers-secrets-success

The burden and inspiration of Amazon Prime, 6/21/16
https://www.internetretailer.com/2016/06/21/burden-and-inspiration-amazon-prime

Odd couple? How Jet.com and Wal-Mart line up
https://www.internetretailer.com/2016/08/10/odd-couple-how-jetcom-and-wal-mart-line

Finding an edge, 6/1/2016
https://www.internetretailer.com/2016/06/01/finding-edge

The winners' gallery, 5/2/16
https://www.internetretailer.com/2016/05/02/winners-gallery

A niche e-retailer finds growth in selling through Amazon
https://www.internetretailer.com/2016/03/03/niche-e-retailer-finds-growth-amazon-exclusives

Amazon's foray into fashion, 1/1/16
https://www.internetretailer.com/2015/12/31/amazons-foray-fashion