

Amazon and Sears: Are they on a Similar Road?

Written by Steve Marr

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Amazon rose as a juggernaut in the marketplace and many competitors scratch their heads and say, *how can we compete?* The casual observer might think Amazon will never lose their dominant position.

A hundred plus years ago people said the same things about Sears. Sears was a dominant retailer, and other companies struggled to compete. America was different then. Sixty per cent of the people lived outside of cities. Sears marketed itself as “the cheapest supply house on earth.” Similarly today, Amazon markets itself as the least costly option for buying goods.

The famed Sears catalog offered an incredible stock of items for sale which was not easily available to most of the population living in the country. However, for most of us, Walmart and other stores are a short drive away unlike 100 years ago when a trip into town was a major event. Today, Amazon offers almost everything that is available in the retail space.

Sears offered an unconditional guarantee. If you were not satisfied, your money would always be cheerfully refunded. This is particularly important to customers who cannot see and touch the merchandise before delivery. Amazon offers a similar unconditional 30-day return privilege, including postage on most items sold. This removes the risk from the buyer.

The ease and low cost of the catalog helped deliver the Sears catalog across the country particularly in outlying regions. Today Amazon has similar inexpensive access to customers who have a computer, iPad or smart phone.

Another factor that helped Sears was a decision the Post Office made to deliver to rural addresses without additional cost. This allowed Sears in the 1890s to receive and ship mail orders. Today Amazon is a great beneficiary of low-cost US postal delivery on priority mail allowing for fast, low-cost customer delivery.

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King Solomon wrote, "There is a time for everything, and a season for every activity under the heavens: a time to be born and a time to die, a time to plant and a time to uproot." (Ecclesiastes 3:1-2, NIV) In business there is a time for a business to grow and expand and a time when they flounder. The time came for Sears to struggle and Sears has been in bankruptcy. Amazon appears to be in the time to plant and flourish with no end in sight.

However, at some point in the future folks may look back at Amazon and ask the same question they asked about Sears, *what happened?*