

# Amazon Said to Plan Cuts to Shed Whole Foods' Pricey Image

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- Online giant exploring automation, inventory changes
  - Amazon spokesman denies there is any plan to cut jobs
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When [Amazon.com Inc.](https://www.bloomberg.com/quote/AMZN:US) <<https://www.bloomberg.com/quote/AMZN:US>> completes its acquisition of [Whole Foods Market Inc.](https://www.bloomberg.com/quote/WFMI:US) <<https://www.bloomberg.com/quote/WFMI:US>>, Chief Executive Officer Jeff Bezos will try to keep the grocer's reputation for premium fresh foods while cutting prices to shed its "Whole Paycheck" image.

Amazon expects to reduce headcount and change inventory to lower prices and make Whole Foods competitive with [Wal-Mart Stores Inc.](https://www.bloomberg.com/quote/WMT:US) <<https://www.bloomberg.com/quote/WMT:US>> and other big-box retailers, according to a person with knowledge of the company's grocery plans. That included potentially using technology to eliminate cashiers. An Amazon

spokesman denied any job cuts were planned.

Amazon, known for its competitive prices, is trying to attract more low- and middle-income shoppers with its grocery push. The Seattle-based company already offers discounted Amazon Prime memberships for people receiving government assistance and is part of a pilot program to deliver groceries to food-stamp recipients.

Whole Foods has already been reducing prices to try to turn around its worst sales slump <<https://www.bloomberg.com/quote/WFMI:US>> since going public in 1992. It has four "365 by Whole Foods Market" stores that are cheaper to build and operate than a traditional location and offer lower-priced items aimed at younger shoppers.

Amazon is considering extending the cost-cutting effort with the no-checkout technology it's developing at its Seattle convenience store, "AmazonGo," according to the person familiar with the matter, who asked not to be named because the plans are private. The technology lets people pay with smartphones without seeing a cashier or going to a checkout kiosk, which would help Amazon differentiate itself in the brick-and-mortar setting and reduce labor costs at Whole Foods stores. The employees remaining would help improve the shopping experience, the person said.

Drew Herdener, an Amazon spokesman, said in a statement the company has "no plans to use no-checkout technology to automate the jobs of cashiers at Whole Foods and no job reductions are planned."

Amazon would also look to change Whole Foods' inventory, introducing its own private-label products to replace items deemed too expensive to have mass appeal, the person with knowledge of the matter said. That fits with Whole Foods private-label push to compete on price, and gives Amazon a bigger foundation on which to develop its own food brands.

Such changes may be a long way off, and Amazon has plenty of time to change its strategy, with the \$13.7 billion deal not expected to close until the second half of the year. And Whole Foods shares climbed 29 percent to \$42.68 Friday -- more than the \$42 deal price -- indicating investors expect another bidder may emerge.

