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Channel Mastery Podcast, Episode #95 BONUS: Kristin Carpenter Checks in with  
Larry Pluimer, founder and CEO of Indigitous

Making Sense of Amazon Headlines + Prime Day

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- Kristin C.: Hey there Channel Masters, I have a special announcement to make today and it will be an ongoing feature to the Channel Mastery Podcast. I am very pleased to announce that Larry Pluimer, an Amazon analyst and the founder and CEO of Indigitous, a nine year old Amazon services agency will be joining the Channel Mastery Podcast on a regular basis to update us on all things Amazon. Welcome, Larry, back to the program.
- Larry Pluimer: Thanks, Kristin.
- Kristin C.: I have the incredible fortune. I don't know how this worked out, but it is Prime Day today. What a fantastic opportunity for you to kick off your regular "spot here" by giving the awesome Channel Mastery audience, your take on how Prime Day 2019 is unfolding.
- Larry Pluimer: Yeah, Prime Day is obviously a big deal for Amazon. Prime Day means that everybody's talking about Amazon, which is exactly the point. Amazon really created this as really a PR strategy to help drum up Prime subscriptions in advance of the holiday season. Now it's turned into their own shopping event. It's a big deal, they are expecting to do something like \$6 billion in the next couple of days.
- Kristin C.: Good lord. Let's talk about some of the issues you're probably keeping an eye on, because you've developed, having gone through nine years, not that it's ... I guess we haven't had Prime Day for nine years, obviously, but in the last year, we had a quite eventful Prime Day. Can you fill my audience in on that, and maybe tell them what you've been looking for today?
- Larry Pluimer: Yeah, the Amazon website failed spectacularly last year. We were watching closely to see if any of those issues might resurface again this year, just because I'm sure it was top of mind for a lot of people at Amazon, and I'm sure many jobs were dependent on the site working properly this year. So far, we're three

quarters way through day one of Prime Day and looks like everything's functioning normally.

Kristin C.: Well, and I have to say, there was some incredible creative going around recently from some of the other retailers, and platforms jumping on the bandwagon. Let's talk a little bit about some of those other retailers, such as eBay or perhaps Target. What's your take on that?

Larry Pluimer: Well, it's interesting for sure, in that Prime Day is a thing. It was made up, but it's real now. Other retailers are trying to jump on the bandwagon either to steal a little bit of the thunder from Amazon or, just try to make sure that they get some of the extra awareness and traffic out there. eBay, as you mentioned, is doing what they call a crash sale in honor of the website of Amazon crashing last year. They're poking fun at Amazon. But there's expected to be a \$2 billion lift to online retailers other than Amazon this week just because, again, everybody's talking about it. People are going online, they're looking for deals, they're comparing sites.

Larry Pluimer: Additionally Prime Day is kind of evolving into the new back to school shopping season. There are a lot of people that are just looking for deals and they're shopping around now. They're just getting their back to school shopping done now. Lots of folks at Amazon told us that that's in fact occurring with a merchandise mix.

Kristin C.: It's so interesting because I have a 13-year-old daughter who gives me a run for my money pretty much every day. She is away at sleepaway camp and I got three texts today with deals that she's been eyeing on Amazon, and asking because they're on sale, can I get these? I almost have to wonder if some of the kids themselves with their YouTube creators and everything that they're consuming, if they're almost increasing some of the demand with their parents around this. You know what I mean? It's kind of crazy. It definitely is a thing.

Larry Pluimer: Yeah, that's just it. People are talking about it, then something's happening.

Kristin C.: They're training the consumer, right? They've effectively trained us to have a little bit of a Pavlovian moment here in July. I think that's really interesting too in terms of just how powerful they are training, consumer preferences and consumer habits.

Larry Pluimer: For sure, and well timed in getting those people with their Prime subscriptions so that they can start sending them messages about holiday shopping just around the corner here.

Kristin C.: Let's talk about that, because obviously, this has been one more facet that has elevated Amazon, I guess in the news, obviously, with everything that's going on last year to this year with Prime Day for those of us who nerd out and follow the business press and retail like we do. But let's also just talk about Amazon in the cross hairs. Talk a little bit about what you've seen there.

Kristin C.: Obviously, you've worked in-house there, and now you've had this successful agency for nine years. I'm curious to see just Amazon, the brand itself and how you're seeing that evolve right now in 2019.

Larry Pluimer: Yeah, to me, it's super interesting because I see something of a ground swell, a shift, I don't know exactly what to label it. But just from that macro view, things are a little different now in that Amazon used to operate in secret. Not a lot of people talked about it, they lost money for many years. It's the only thing that people would talk about.

Larry Pluimer: Amazon has often applied very strong policies, they strong arm vendors, they're difficult to work with, et cetera, et cetera. They could have got away with a lot of that. But now Amazon is a household name. Prime Day is huge, people talk about Amazon, it's just part of the fabric of our economy. It's run by the world's richest man and there's drama, he just got divorced. Everybody's talking about Amazon; newspapers, magazines, they all have somebody on the Amazon beat.

Larry Pluimer: I think just that amplification of now that people are talking about it, and especially now when we get into the political season, you got political candidates talking about break up big tech, and Elizabeth Warren is out there about break up Amazon. Now, the tables have turned a little bit in that, the spotlight is on Amazon. People are talking about some of those things that didn't get a lot of attention before, but nonetheless, are not some of the prettier sides of Amazon. Such as labor conditions or counterfeits, or the FTC is investigating Amazon or antitrust potential violations. There are all these things now, where there's more scrutiny on Amazon. It's something that's new.

Kristin C.: Right. It's almost a little bit of a dichotomy, because a lot of my clients are not able to really reach any humans inside Amazon. We know they're in there. But they're reading a lot about it. It's almost like it's becoming a human brand more so through its founder, but also, as we're chatting through things before we hit record, but also through some executives who are taking to Twitter, which must be just ... You must be incredulous over that coming from the culture that you just described to now. Can you comment on that at all?

Larry Pluimer: Yeah. There's a little irony because there was an episode in my tenure at Amazon where I actually got reprimanded by my boss for using Twitter and talking about the company. Because again, the MO for much of Amazon's existence is not really to ... You always see these stories saying, no comment from Amazon. But their strategy seems to be a little in flux. I think they still have some of that secrecy, but Jay Carney, who was Obama's press secretary is now in charge of communications at Amazon. You start seeing more responses to things. Some of the individuals at Amazon even, they seem to have a longer leash when it comes to social media and being out there. We're starting to hear from some of those folks a little bit more.

Kristin C.: It's crazy, isn't it? I wonder how this is going to change the complexion of the company. Because I think it's been so disruptive. That's been the brand, and

now it almost felt inhuman for a long time. Now, as if Jeff Bezos was an alien and robots might have been running the show. But now we're really seeing the drama truly is there, and there are a lot of people who are not only affected by the business outside of the walls of the company, but there's a lot going on in there as well. It'll be super interesting to see how things continue to change.

Larry Pluimer: Yeah, I'm really curious. Just in that short span where we started to hear more from the FTC and concerns over antitrust, a lot of this was really led by the European Union, where the regulations and enforcement's much stronger on certain topics. But, as the pressure mounts for Amazon, it's going to be really interesting to see how that manifests in potential changes to policy or approaches. Is Amazon going to soften up, and be a little more friendly to work with? We've already seen some key policies rolled back that were long standing.

Larry Pluimer: Amazon, for example, used to require sellers that they couldn't have a price on Amazon that was higher than their own website. They had to have what they call price parity. They've eliminated that policy now. That's really a function of this increased scrutiny.

Kristin C.: Super interesting. Well, we look ... I'm actually very, very grateful that you're going to be on the show regularly. Because I have a feeling we're going to see a lot of change between July 2019 and the holiday. Obviously, this factors in so heavily into the specialty audience that we serve here on Channel Mastery and their budget planning for next year. It's just amazing that you're going to be joining us. So, thanks.

Kristin C.: But before I let you go, I wanted to check in also on a headline on a different marketplace/giant retailer, Walmart. Let's talk about Walmart's Ecommerce losing big. For those in the audience who have been reading headlines, Larry did agree to give some of his insights around this as well. There's a projected loss of a billion dollars this year in Walmart's attempts to chase Amazon. What is your take on that?

Larry Pluimer: Well, I'm not surprised. There's a long road for anybody that wants to compete with Amazon head to head. You have to keep perspective that Amazon did lose money for all those years. A lot of those losses were the result of Amazon investing in infrastructure. The logistics side of Amazon right now in terms of their warehouses and now transportation, fleets, it's so robust that it would take something very substantial just to try to match that one for one.

Larry Pluimer: Even as big and as powerful as Walmart is and their resources, they're still playing catch up when it comes to Ecommerce. I think there's been a lot of headlines lately that have been focusing on the acquisitions that Walmart has made in Ecommerce, and how much growth they're seeing in Ecommerce. All that's true and potentially positive, but it's coming at a cost. What's going to be interesting now is to see what the appetite is at the board level, and shareholders for Walmart to see, will they sustain this kind of investment and these losses in pursuit of that goal of competing with Amazon? Or will they

maybe divest themselves of some of those acquisitions and try to play in their own space, a little bit more of groceries?

- Kristin C.: Right. I think grocery might have been ... I think that when they laid this foundation out around these acquisitions and the standalone storefronts, and obviously, the audience and all of us went through that premium outdoor store moment in 2018. But grocery might have really changed the game here. Because it's so in their wheelhouse and then all the sudden, it's become, I think, a definer and another major influence on consumer expectations around something that is, I just think a huge opportunity. It'll be super interesting to see if they change strategy, just as you've said, from their purchasing of specialty storefronts and very, I think niche brands and niche audiences to perhaps going head to head on something that they've known since day one, which is grocery, it seems.
- Larry Pluimer: That's right. Yep.
- Kristin C.: It'll be very interesting. We'll have some good links in the show notes for this episode as well. Larry has recommended a couple of articles and we obviously have to put a link into that ad that you shared with me. Was it eBay's crash sale ad? That's what you shared to me, right?
- Larry Pluimer: Yeah, that's right.
- Kristin C.: That was such a good one. We'll put that in there. You'll get a laugh out of it. I very much look forward to hosting you going forward on a regular basis on the show, Larry. Thank you so much for your insights today.
- Larry Pluimer: Thank you, Kristin.