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# ‘Winner Sells All’ Review: Battle of Bricks and Clicks

Walmart executives were initially skeptical of online retail’s future. Amazon’s rise forced them to adapt.

By Marc Levinson

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An Amazon Prime delivery van sits parked near a Walmart store in Richmond, Calif. PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

In 1995, a startup called Amazon.com began selling books on the World Wide Web from the garage of a house near Seattle. A few months later, Walmart, the world’s biggest retailer, tiptoed into the future by offering holiday gift baskets on the web. Neither venture enjoyed instant success. Amazon, wildly burning cash to build its business, would not book substantial earnings for another two decades. Walmart would churn through strategy after strategy as it struggled to mesh online retailing with its very profitable base of almost 5,000 U.S. stores.

Jason Del Rey’s “Winner Sells All: Amazon, Walmart, and the Battle for Our Wallets” offers an engrossing account of the clash between these two giants. This is no bird’s-eye view: The author knows both companies well, and he is not afraid of plumbing the details of their attempts to meet their customers online. While retailing is his nominal topic, Mr. Del Rey’s real subject is the difficulty of driving change in a large organization. His book will fascinate anybody who is

trying to run one.

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## **Winner Sells All: Amazon, Walmart, and the Battle for Our Wallets**

By Jason Del Rey

Harper Business

304 pages



In its earliest days, Amazon seemed more of a nuisance than a challenger to executives at Walmart's Bentonville, Ark., headquarters.

Although Amazon poached key Walmart technologists as early as 1997, Walmart's annual revenue that year was nearly 700 times Amazon's and growing at a double-digit rate. David Glass, then Walmart's chief executive, rejected proposals to invest heavily in selling online.

Walmart.com, Glass predicted, would never become a meaningful part of the company's business.

Walmart's lack of interest was partly cultural: Its executives were trained to cut costs, not to take gambles, and many of its customers lived in rural areas where high-speed internet service was years in the future. The high-tech precincts of Silicon Valley and Seattle were a foreign country. When executives from down-to-earth Bentonville visited Walmart's flashy e-commerce headquarters on San Francisco Bay, one interviewee told Mr. Del Rey, it was "like they were walking into a porn shop."

But there were also good business reasons for Walmart to move slowly. "Online sales could siphon sales from the cash machine that was its Supercenter stores," Mr. Del Rey observes. Store managers and division executives feared their performance and compensation would take a hit from online sales. If the quickest way to deliver an item ordered online was to pluck it from the shelves of a brick-and-mortar store near the customer's home, would the stores division or the online division receive the credit? If a store employee was assigned to gather an online grocery order for customer pickup, which division would bear the labor cost?

Within the corporate bureaucracy, such issues took years to resolve. As late as 2020, Walmart asked customers placing orders via smartphone to use an

orange-colored app to buy groceries and a blue one for general merchandise. If the customer mistakenly typed “Legos” into the grocery app, Mr. Del Rey reports, the software would respond that the product was not available rather than filling the order.

Not that things were going seamlessly for Amazon. At one point, it offered customers the choice of three different virtual shopping carts, sometimes displaying different prices for similar items. It committed to matching Walmart’s famously low prices, even tracking prices on competitors’ websites, but its price-matching never quite worked. An app that allowed a shopper to scan a product bar code in any store and immediately compare Amazon’s price incited a nationwide uproar amid claims that Amazon was spying on mom-and-pop shops. With Walmart’s prices typically lower in stores than on Walmart.com and varying by location, Amazon couldn’t figure out which price to meet—and how to adjust for its delivery costs. Eventually, Amazon abandoned its claim to match all prices and had its website declare an item out of stock when Walmart’s price was too low to match profitably.

Walmart hoped its 2016 acquisition of Jet.com, a year-old online retailer, would revive its lagging online operation. Walmart paid \$3.3 billion and put Jet’s founder, Marc Lore, in charge of Walmart.com. Within a year, Walmart swallowed internet-oriented fashion retailers Bonobos and ModCloth, footwear website ShoeBuy, and outdoor-gear store Moosejaw; opened an outlet called Store No. 8 to test new ideas; and beat Amazon to offer to-the-fridge grocery delivery. Its share price soared, along with its online sales. “The pace of action and change was astounding for a company like Walmart,” Mr. Del Rey writes. Perhaps too much so. After Walmart.com repeatedly failed to meet its financial targets, Mr. Lore departed, and most of the acquisitions were sold off. Only in 2020 did Walmart belatedly merge its online and in-store sales efforts into a single business.

Both companies have struggled to profitably expand into new product lines, such as healthcare and video. And both have spotty records abroad: Amazon.com was pushed out of China and managed to gain a retail foothold in South Korea only through a deal with a local online retailer, while Walmart has exited Japan, Germany, Brazil and South Korea. “Winner Sells All” makes no mention of Alibaba, the Chinese merchandising and cloud computing giant, and Courmagn

Alibaba, the Chinese merchandising and cloud-computing giant, and Coupang, which is dominant in South Korea, but these and other foreign-based companies may have the scale and know-how to threaten both Amazon's and Walmart's positions in online retailing.

Mr. Del Rey thinks that Amazon's aggressive instincts and quick execution are winning the battle with Walmart. But while Amazon has more online customers—it counted 168.5 million U.S. Amazon Prime members in 2022—its profits come mainly from cloud-computing services, and its North American retail business consistently underperforms Walmart's (measured by operating income as a percentage of sales). Amazon's attempts to compensate for Walmart's enormous fleet of physical stores by building high-tech stores of its own have flopped. Despite massive investments, including the 2017 acquisition of Whole Foods Market, Amazon poses little threat to Walmart's leadership of the U.S. grocery market. The intense contest that Mr. Del Rey so vividly portrays is by no means over.

*Mr. Levinson's books include "The Great A&P and the Struggle for Small Business in America."*

*Correction: An earlier version of this story said there are 168 million U.S. households paying annual fees to Amazon Prime.*

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