

Who's the Real Destroyer of Retail

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Treasury Secretary Steve Mnuchin [recently claimed](#) that Amazon has “destroyed the retail industry across the United States” and should be investigated for antitrust violations. The claim doesn't pass the laugh test. What's more, the allegation might more rightly be leveled at Mnuchin himself.

Mnuchin. Is. Wrong.

First, while Amazon's share of online retail in the U.S. is around [38 percent](#), that still only represents around 4 percent of total retail sales. It is unclear how Mnuchin imagines a company with a market share of 4 percent can have “destroyed” its competitors.

Second, [nearly 60 percent](#) of Amazon's sales come from third party vendors — i.e. other retailers — many of whom would not exist but for Amazon's platform. So, far from destroying U.S. retail, Amazon arguably has enabled U.S. online retail to thrive.

Third, even many of the brick-and-mortar retailers allegedly destroyed by Amazon have likely actually benefited from its innovative, cost-cutting approaches, which have reduced the cost of inputs. For example, in its [Business Prime Program](#), Amazon offers discounts on a large array of goods, as well as incentives for bulk purchases, and flexible financing offers. Along with those direct savings, it also allows small businesses to use its analytics capabilities to track and manage the supply chain inputs they purchase through Amazon.

It's no doubt true that many retailers are unhappy about the price-cutting and retail price visibility that Amazon (and many other online retailers) offer to consumers. But, fortunately, online competition is a fact that will not go away even if Amazon does. Meanwhile, investigating Amazon for antitrust violations — presumably with the objective of imposing some structural remedy? — would harm a truly great American innovator. And to what end? To protect inefficient, overpriced retailers?

Indeed, the better response, for retailers, is not to gripe about Amazon but to invest in better ways to serve consumers in order more effectively to compete. And that's what many retailers are doing: [Walmart](#), [Target](#) and [Kroger](#) are investing billions to improve both their brick-and-mortar retail businesses and their online businesses. As a result, [each of them still sell more](#), individually, than Amazon

In fact, Walmart has about [23% of grocery retail sales](#). By Mnuchin's logic, Walmart must be destroying the grocery industry too.

The real destroyer of retail

It is ironic that Steve Mnuchin should claim that Amazon has “destroyed” U.S. retail, given his support for the administration’s tariff policy, which is *actually* [severely harming](#) U.S. retailers. In the [apparel industry](#), “[b]usinesses have barely been able to survive the 10 percent tariff. [The administration’s proposed] 25 percent is not survivable.” Low-margin retailers like Dollar Tree suffered [punishing hits](#) to stock value in the wake of the tariff announcements. And small producers and retailers [would face](#), at best, dramatic income losses and, at worst, the need to fold up in the face of the current proposals.

So, if Mr Mnuchin is actually concerned about the state of U.S. retail, perhaps he should try to persuade his boss to stop with the tariff war instead of attacking a great American retailer.

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