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1

A NEW KIND OF DISTRIBUTION BRAND

Amazon is one of the most loved, trusted brands in America. It creates affective relationships with its customers by connecting them regularly and reliably to products, services, and entertainment. Even though it creates some of those products itself it is, primarily, a brand of distribution. Amazon is far from the first distribution brand to win consumers' affections. Like other distribution brands, it has reshaped commerce, consumer experience, and even perceptions of space and time through innovations in distribution. From the Sears catalogue as a tool for broadening the reach of not just consumer goods but also consumer desires, to Walmart's mastery of logistics, to the United States Postal Service's historic role as the primary distributor of printed material and packages, to UPS as a privately held but ubiquitous delivery brand, the historic importance of distribution brands to both the economics and culture of the United States cannot be underestimated.

In this chapter I consider each of these companies as either partners or competitors of Amazon or, in some cases, both. Through these comparisons I aim to provide enough historical grounding to establish that Amazon is not, in fact, a disruptor company the likes of which has never been seen before, as it is sometimes characterized. Rather, there are significant continuities between Amazon's activities and strategies and those of its precursors that arise from the constraints, incentives, and logics of

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capital, and the particular place that brands of distribution inhabit in the economy. Like distribution brands before it, Amazon has gained consumers' trust and affection through its ubiquity and focus on service, coming to seem more like a utility than a private company. We'll see that Amazon's ubiquity is similar to its fellow distribution brands, in part because they thrive on network effects and the efficiencies that come with economies of scale. But we'll also see that the logics of *digital* capitalism have launched Amazon into a sphere of market dominance and expansion into horizontal and vertical integrations that are unprecedented relative to its fellow distribution brands.

We can look to Karl Marx's discussion of circulation in the second volume of *Capital* for tools to theorize distribution. In this framework, capital must change form in order to accumulate value, and the faster these conversions happen, the more rapid the process of capital accumulation. In other words, the quicker raw materials are transformed into commodities with exchange value, the less time they spend in inventory, and the quicker and cheaper they get to customers who pay for them (i.e., distribution), the more money you make.[1]

Amazon is an ideal case for considering how the rise of digital communication technologies, computing, and the internet—which have constituted the era of "digital capitalism"—have sped up and transformed the circuit of capital to enhance capital accumulation.[2] The picture that emerges from the brief history offered here is the power that *any* distribution brand that is large enough has in the economy. But that power is particularly pronounced in digital capitalism, where new tools can produce heretofore unimagined speedups, and advantages in distribution can be parlayed into dominance in other business areas in ways that may be truly unprecedented.

Distribution comes in two main flavors—transportation and communication. The idea that these are separate activities is a relatively recent one, dating to the invention of the telegraph, according to James Carey, who memorably pointed out that the word "communication" was used interchangeably with "transportation" before this mode of instantaneous electronic communication conquered space.[3] But even before the telegraph, the railroad struck observers as both a tool to "annihilate space and time" and the engine, so to speak, accelerating industrial capitalism.[4]

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Retail and media distribution brands are built on top of these fundamental modes of distribution. What the stories of these companies make clear is that there are multiple types of distribution that need to be in place for a distribution brand to thrive. Retail brands, in particular, require networked communication, transportation of goods, and ways for money and credit to circulate. As Richard K. Popp puts it, these networks of distribution come together to form "a kind of infrastructural ensemble" that supports the various forms of circulation in retailing.[5] As I introduce two main kinds of distribution brands—retail brands and delivery brands—I'll connect these consumer-facing organizations to the transportation and communication networks they depend upon. With Amazon, we'll see that part of its "platformization" has been to slowly but steadily move the purview of its business into these very distribution infrastructures.

COMPETITORS: SEARS AND WALMART, UBIQUITOUS RETAIL BRANDS

More than one hundred years before Jeff Bezos started Amazon.com out of his garage, another entrepreneur named Richard Sears started his retail empire in 1886 from his position as a station agent for the Minneapolis and St. Louis railroad in Minnesota, getting into the mail-order business in watches. Sears acquired a partner with expertise in watches, relocated to Chicago, the railroad hub for the Midwest, and then expanded into more products.[6] The business that started out as the R.W. Sears Watch Company eventually became the dominant force in American retailing, combining the catalogue on which it had built its relationship with rural consumers with brick-and-mortar stores that reached urban and suburban consumers acquiring automobiles. The Sears, Roebuck mail-order business depended on the late nineteenth-century rapid expansion of both the railroad networks and the postal service into rural communities, just as Amazon would depend on a variety of distribution infrastructures in the late twentieth century, including the royalty-free, open-access technical standards of the World Wide Web.[7]

The parallels between the United States' first nationally dominant retail brand Sears, as it came to be known, and Amazon are striking. Both founders originally worked in close proximity to a distribution network that

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would be key to their business, Sears being a station agent for the railroad, and Bezos working for a hedge fund that was using the new affordances of high-speed computing and the internet to transform that business. Each started with a single product and expanded to eventually become "everything stores"[8]—in Sears's case, facilitated by the size and variety of its catalogues, and in Amazon's, by the limitless nature of online shelf space. Both began as a mail-order retail business of sorts and *then* moved into brick-and-mortar retailing. Both companies were decried by local, independent store owners, particularly in rural areas and small towns in the case of Sears, as existential threats to their businesses—and by extension—a whole way of life.[9] Both retailers had to find ways to establish trust with consumers via the mail, in Sears's case, and the internet, in Amazon's. Richard Sears built up his company's reputation initially by sending watches just for payment of a deposit, as well as with the famous "Satisfaction Guaranteed or Your Money Back" brand promise.[10] For its part, Amazon initially gave consumers the choice of phoning in their credit card or providing it on a web-based form, and emphasized consumers' data security from early on, facilitated by the encryption technologies that reassured users that websites were secure.[11]

For a good chunk of its history, Sears had the quality of retail ubiquity that Amazon clearly aspires to, being the "everything store" for "everyone," and thereby fading into the background. As the store's biographer Gordon L. Weil put it, "Many customers look upon the company more as a public utility than as a profit-making corporation. It has been around for a long time, so people do not consider it an impersonal outfit. They do not hesitate to ask it to help them out with their personal problems. They look upon it as a friendly neighbor."[12] Amazon's reputation as an almost infrastructural feature of the retail and distribution landscape, especially in the United States, has attained a similar level of trusted ubiquity.

Starting out with a focus on the rural customer, in the early days Sears understood its customers to be the growing number of working people who sought the best possible quality for the lowest prices. However, in the postwar period, as urbanization increased and Americans became more affluent, Sears gradually morphed into a store for the middle class.[13] Weil points out that while Sears may have imagined the middle class to be "just

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about everyone," in fact by later in the twentieth century that image and the associated price points were losing the large segment of the lower middle-class being vigorously courted by discount retailers like Kmart and Walmart, while on the upper end, the store was disdained by upwardly mobile consumers for whom Sears was hopelessly unfashionable.[14] Therefore, while Sears may have still been the "everything store" it was no longer for "everyone," posing a challenge for its competitiveness and potential for growth. While Amazon skews toward better-off consumers than retail competitors such as Walmart, it otherwise avoids a specific brand identity in relation to social class, at least in relation to its core consumer-facing brands that include Amazon, Prime, and Fire electronics.

A less well-known chapter in Sears's history that also parallels Amazon's is its investment in internet services as one of the co-owners of Prodigy, an early portal along the lines of AOL, in the 1980s and 1990s. Sears envisioned the strategies of selling users' eyeballs to advertisers and launching an online shopping network, both ideas that turned out to be ahead of their time by a few years.[15] The Prodigy portal, despite having a business model that anticipated many of the ways the internet would be used, disappeared by the late 1990s, losing ground quickly to users' enthusiasm for the open web.[16] Just as Sears moved into distribution businesses that paralleled and supported its core retail business, so has Amazon moved into cloud computing, logistics, and media distribution, but much more successfully.

The company that owns both Sears and Kmart barely survived a Chapter 11 bankruptcy that initially allowed it to keep 400 stores open;[17] as of 2020 industry observers were in "death watch" mode.[18] After shaping the contours and traffic patterns of so many communities with the locations of its stores, Sears's decline was a harbinger of the "retail apocalypse" routinely discussed in the media.

Amazon's greatest competitor today is the world's leading retail distribution brand as measured by sales—Walmart.[19] Walmart is also the leading retailer in the United States, with close to $400 billion in sales in 2019.[20] Amazon comes a distant second with $193 billion in US sales, a figure that includes not only its ecommerce business but also sales at new brick-and-mortar store concepts like Amazon Books as well as its Whole Foods Market

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acquisition.[21] When it comes to ecommerce, though, the retailers swap places in the rankings, with Amazon controlling between 37 and 52 percent of US ecommerce in the late 2010s according to different estimates (with the modal estimate in the high 40 percent range), and Walmart only 4.6 percent (after eBay with 6.1 percent).[22] Amazon's dominance of close to half of online sales in the United States still only comprises 5.1 percent of all retail sales,[23] but Walmart's focus on ecommerce and its determination to try and catch up to Amazon in ecommerce is apparent.

In addition to being market leaders and close competitors, Walmart and Amazon have both sought to serve consumers by being competitive on price, and each in their own way, like Sears before them, being "everything stores." Walmart is well known for putting the "discount" in discount retailing. It has also pushed the envelope in terms of the size of its stores and scope of product categories. For example, Walmart expanded the boundaries of the discount retailer category by introducing groceries in 1988, becoming the country's leading grocer by 2010.[24]

Similarly, Amazon is well known for being competitive on price, be it setting low prices on its own product lines, incentivizing lower price points from third-party sellers through the design of search algorithms, disciplining sellers whose products ever appear elsewhere for a lower price, or offering its own discounts on third-party products by reducing its cut of sales.[25] All of this is despite the fact that antitrust law forbids Amazon from interfering with third-party sellers' pricing, a practice the company told the Federal Trade Commission it would stop doing in 2019.[26] Amazon, of course, has long had the reputation of having a massive product selection because since 1999 it has not just sold items that it actually stocks, but also turned its retail site into a platform for third parties to sell their goods.

Both Walmart and Amazon have their own "circuits" that are reminiscent of Marx's circuit of capital, Amazon having developed its "flywheel of growth" model inspired by Walmart founder Sam Walton's "productivity loop" (see figure 1.1).

Industry observer Brad Stone translates Amazon's "flywheel of growth" in the following way: "Lower prices led to more customer visits. More customers increased the volume of sales and attracted more commission-paying third-party sellers to the site. That allowed Amazon to get more out of fixed costs like the fulfillment centers and the servers needed to

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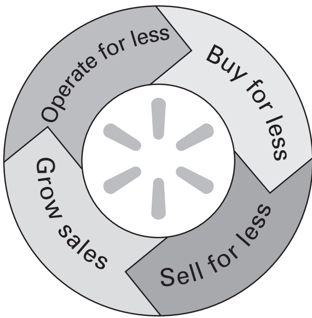

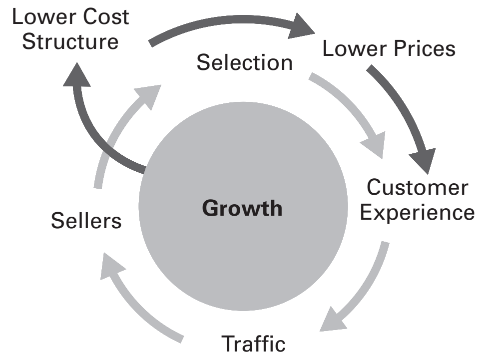

1.1 Walmart's productivity loop and Amazon's flywheel of growth. *Sources:* Paul, "The Productivity Loop (Walmart's Feedback Loop)," July 30, 2012, *Understanding Amazon* (blog), http://understandingamazon.blogspot.com/2012/07/the-productivity-loop-walmarts-feedback.html; and Franz Jordan, "Applying the Amazon Flywheel to Your Online Business," last updated February 14, 2020, https://sellics.com/blog-applying-amazon-flywheel-to-your-online-business/.

run the website. This greater efficiency then enabled it to lower prices further."[27] While other retailers might have raised those prices to satisfy shareholders, Amazon has long been able to keep prices down and business investment way up, with the promise that profits would be forthcoming, eventually. Through a combination of Jeff Bezos's persuasive zeal, and investors' belief that an internet-based company had potential for growth that traditional retailers didn't, Amazon was largely successful on the stock market (minus a few notable bumps) from when it went public in 1997 to 2003, when it posted its first-ever annual profits. The company's profits remained relatively modest, and even dipped below profitability in 2012 and 2014, until 2015 when it became consistently profitable. Nevertheless, Amazon became one of the most highly market-capitalized companies in the world on the strength of growth that is fueled, in no small part, by keeping both product and shipping prices low for longer than its competitors can often bear.

The last few decades have seen a shift away from the presumed dominance of the manufacturing sector in a Fordist economy, characterized by the rise of mass production by large corporations in much of the twentieth

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century, and toward what historian Nelson Lichtenstein argues is akin to eighteenth century-style merchant capitalism.[28] This is a shift in market power from companies that *produce* goods to those that *distribute and retail* them. Large retailers, like Sears, have long been in the driver's seat vis-à-vis their suppliers. By the 1970s, Sears was partial owner of the firms that produced 30 percent of the goods that it sold.[29] Richard Sears himself reportedly discovered that "the company was such a large purchaser of other people's products that it could demand that the goods be made to its specifications."[30] In a 1938 *Fortune* report that sounds like it could have been written about Walmart or Amazon today, we learn that "the antimonopolists contend that by bringing this massive buying power to bear against small manufacturers and threatening to whisk it away once they have been ensnared, Sears can force them to submit to prices on which a living profit is impossible."[31] The company's influence extended to telling manufacturers where they should locate, in order to minimize transportation costs for both raw materials and delivery to the nearest Sears distribution center.[32] The company developed its own research lab to test products and develop innovations to existing products, which it then asked manufacturers to produce, known as "specification buying."[33]

The history of Sears demonstrates that any retailer that is large enough shifts the center of gravity from manufacturers to distributors, when it comes to who is calling the shots on product development and pricing. It continues to be the case that as retailers get big they start to blur the boundaries between production and distribution, whether through actual ownership and acquisition of manufacturing companies or the extent of influence over their activities. Walmart exemplifies the shift from a "push" to a "pull" economy, where it's no longer manufacturers pushing the products they are making onto retailers who must find a way to move them, but retailers who have a monopoly on market information and the monopsony power to list terms to manufacturers.[34] Walmart demands of its suppliers "just-in-time" delivery of specific goods, the mass production of customized products, particular packaging and labeling specifications, and makes specific suggestions on how to cut manufacturing costs.[35] Lichtenstein argues that while Walmart technically is not a manufacturer, its power over its suppliers means that it should be regarded as de facto in the manufacturing business.[36]

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In addition, strong retail brands like Sears, Walmart, or Amazon can erode the value of product brands. Retailers generally carry particular product brands to bring consumers into their stores. But Sears's own brand name was so strong that, until the 1970s, it emphasized its own brand names, even though the products were usually manufactured especially for the chain by well-known companies, such as Sears's brand home appliances that were made by Whirlpool.[37] Sears reasoned that its hard-earned consumer trust in Sears's value and quality outpaced the attraction of most specific product brands.[38] Amazon has also leveraged the trust that consumers have in its brand to launch sub-brands for various product categories, such as Kindle, Amazon Basics, the Fire line of personal electronics, the Echo suite of smart speaker devices, and clothing brands such as Amazon Essentials. Amazon's brand identity is service itself. It may have begun by selling books, but it has extended its brand farther than business professors and consultants thought could ever be possible—beyond consumer items into cloud computing services, shipping and logistics, and media production. Amazon's brand can stretch like taffy because its focus is not the things it sells so much as the service relationship it cultivates with customers. As a result, as noted previously, Amazon is one of the most trusted brands in America.

Today most product brands feel that they have to sell on Amazon or at Walmart, as opposed to the pressure being the other way around. Both retailers emphasize low prices, which encourages consumers to shop on price rather than brand name; if consumers have enough trust with the retail brand, they are less likely to require a trusted product brand name to make a purchase. Amazon's platform characteristics and relationship with consumers position it particularly well to erode the value of well-known product brands. The ability to sort product searches by price, the availability of customer reviews, and advantageous placement in searches (at a cost) can all level the playing field across brands.

Since 2015, products that perform well on price, customer reviews, return rate, and availability to ship immediately via Prime have the chance to be highlighted as "Amazon's Choice" (although the exact formula and decision process remains a mystery, even to companies whose products are chosen).[39] In addition, since 2012, companies can pay to be a sponsored search result. Sponsored search results have steadily risen over recent years, or at least, more of them are appearing near the top

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of searches.[40] Even a well-known name like the luggage brand Samsonite finds it has to pay Amazon to appear in searches for its own brand name.[41] At the same time, it's competing against Amazon's own branded products that, according to both consumer observation and investigative reporting, are increasingly advantaged by Amazon's search algorithm.[42]

New York Times technology columnist Farhad Manjoo explored the power of Amazon's retail platform to shake up the hierarchy of product brands by drawing attention to a consumer technology brand like Wyze, which makes smart home devices like motion-sensitive cameras, and has massively undercut better-known brands on price in order to establish itself in the market through high-volume, low-margin sales.[43] As more online product searches begin on Amazon (close to half, according to a number of industry estimates), the way products appear in search becomes more significant.[44] Although in theory Amazon's digital shelf space is limitless, in practice the first few results—especially those on the first page of the smartphone screen—are tremendously important. According to industry research, more than two-thirds of product clicks happen on the first page of Amazon's search results, with half of those focused on the first two rows of products that appear.[45] If a new or unfamiliar brand can pay for or earn strong placement in search, the trust that consumers have with Amazon, particularly guarantees around returns and delivery times, as well as its reputation as a source of product information, can rub off on them. *New York Times* tech columnist Shira Ovide notes this happening regularly with various fashion trends such as the "Amazon coat" in 2019, which was actually from an obscure brand but was available for purchase on Amazon's retail site.[46] As much as Amazon can recede into the background due to its ubiquity, the depth of the relationship that consumers have with it increasingly makes it the dominant brand, at least in terms of powerful affects like trust, relative to product brands that appear on its site.

One powerful brand that dipped its toe into Amazon's orbit, only to retreat again after two years, is Nike. Reportedly motivated to start wholesaling to Amazon in order to qualify for a "brand registry" program through which Amazon cracks down on counterfeit products, Nike changed its mind after finding that Amazon's efforts did not make much of a dent in the fake Nikes flooding the site. Nike has now shrunk the outlets that can

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sell its products to only those that can offer it "distinctiveness" in terms of space and signage, signaling Nike's specialness relative to other athletic brands. On Amazon's site, Nike products appeared cheek by jowl with competing and lesser brands, including "unauthorized sellers" of Nikes offering them at lower prices, with no distinction in size or appearance of the product listing, and favorable search results only coming at a price. These issues are why many luxury brands decline to sell on Amazon, recognizing that any increase in sales may be accompanied by an erosion in their brand equity.[47] Nike had confidence in the power of its brand to leave Amazon, but as one industry analyst put it, "I don't think as many brands can be as selective as Nike."[48]

While Walmart and Amazon have come to occupy a powerful position vis-à-vis product brands and manufacturers, their dominance has also afforded them considerable political power, not just over the decisions made by those in elected office, but also in terms of how their own activities take on the qualities of governance in communities and markets. Since the late nineteenth century, the US government has sought to limit the market dominance of any single company in order to preserve the competition thought to be necessary for innovation and consumer welfare. However, corporations whose main activity is the distribution of goods, people, or information have sometimes been able to argue that monopoly, or something close to it, is in fact "natural" for any business that requires a comprehensive network. Certainly, that's an impression that Amazon would like to cultivate—that its market dominance in any given area is merely a result of the efficiencies that accrue with greater size and reach, and a just reward for a job well done.[49] The history of distribution companies that claimed or seemed to enjoy "natural monopolies" reminds us, though, that a concentration of market power almost inevitably means a significant amount of power over politics and governance as well.[50] As Lichtenstein argues about Walmart:

> No company of Wal-mart's size and influence is a "private enterprise." By its very existence and competitive success, it rezones our cities, determines the real minimum wage, channels capital throughout the world, and conducts a kind of international diplomacy with a score of nations. In an era of weak unions and waning governmental regulation, Wal-mart management may well have more power than any other entity to "legislate" key components of American social and industrial policy.[51]

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Beyond the power of large retailers over manufacturing, the outsized political power of Amazon and Walmart can be attributed to the number of people they employ, or promise to employ if communities lay out the welcome mat. As of this writing, Walmart and Amazon are the two largest private employers in the United States. Worldwide, Walmart employs 2.2 million people and Amazon 1.3 million, with Amazon's hiring exploding during the 2020–2021 COVID-19 pandemic as it seeks to keep up with the greater demand for online shopping.[52] When jobs at this scale are on the line, especially for companies like Walmart and Amazon that have some discretion as to where they locate their stores and distribution infrastructures, then the distribution brands hold all the cards.

PARTNERS: THE UNITED STATES POSTAL SERVICE AND UPS, DELIVERY BRANDS

The famed Philadelphia-based department store Wanamaker's at one time used the slogan "Everything from Everywhere to Everybody!," but its founder John Wanamaker arguably turned that promise into a reality more through his service as US Postmaster General from 1889 to 1893 than through the store itself.[53] Certainly, Sears's approximation of that brand promise would not have been possible without existing infrastructures of distribution, including the railroads where Richard Sears first developed his mail-order scheme, but also the Post Office Department of the United States' federal government, as the United States Postal Service (USPS) was then known.

The social and political significance of the Post Office far exceeds the role it played in facilitating mail-order shopping. Historians have argued that the Post Office's mission to deliver mail to every part of the United States was what allowed the nation to "commune"—to be a community—in a fundamental sense.[54] The history of the USPS illustrates that affordable, efficient, content-neutral structures of information distribution are not just community making, but nation making, as well as commerce making.

Beyond the circulation of news and personal correspondence, the Post Office has long been crucial to the market economy. In the late nineteenth century, when consumer capitalism was exploding, the low-cost

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second-class category of mail, intended for newspapers and periodicals, also applied to some commercial materials, not to mention the advertising that increasingly appeared in the pages of those publications.[55] Because the mail-order catalogue was deemed "educational material" and therefore eligible for the favorable second-class postage rate, Sears concluded early on that the Post Office was in fact subsidizing the circulation of his catalogues.[56] But the real boon to Sears's business, which in the early days was focused mostly on rural consumers, was rural free delivery (RFD), which meant that starting in 1902 mail would be delivered to all homes regardless of their proximity to towns. The popularity of RFD paved the way for parcel post in 1913, which meant that for the first time these rural addresses could get packages of more than four pounds also delivered right to their homes, shipped via the Post Office for a reasonable rate.[57] Wanamaker had passionately advocated for both rural free delivery and parcel post, although they weren't ultimately adopted until after his tenure at the Post Office. But his experience in retailing made him aware of not just the value to consumers of being able to order goods delivered straight to their homes in a way that avoided the exorbitant fees charged by the private express companies of the time, but also the value to businesses of being able to deliver marketing communications to the mailboxes of the nation's consumers.[58] As USPS historian Winifred Gallagher puts it, "Simply by delivering a newspaper to every home, it would draw new customers into the national market and benefit businesses from publishers to the fledgling mail-order merchants and advertising agencies."[59] According to communication historian Richard B. Kielbowicz, "Parcel post formed the capstone in a postal communication and transportation system that already promoted marketing on a national scale."[60]

The significance of this shift was not lost on the stakeholders of the day. As Kielbowicz documents, the extended debate about parcel post revealed "all the hopes and anxieties associated with the expansion of mass society at the turn of the century" that the seemingly simple act of delivering packages to homes unleashed: "Opponents of parcel post foresaw a decline of small towns, a centralization of production and distribution, a disruption of the 'natural' relations among labor, retailers, and consumers, and the aggrandizement of urban culture. At the other extreme, proponents claimed that parcel post would increase consumer

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choice, reduce the cost of living, and bridge the widening chasm between urban and rural life."[61] Rural free delivery and parcel post were key inflection points in the improvements to the nation's communications and distribution networks that paved the way for truly national retailing and branding. Another would be the introduction of 1-800 numbers in 1967, which quickly made "mail-order" retailing actually "shopping by phone" most of the time, introducing a meaningful efficiency into the moment of exchange.[62]

Embedded in the debates about rural free delivery and parcel post from a century ago are concerns that continue today, as people try to make sense of how ecommerce has disrupted shopping routines previously organized around main streets and malls. At the time, opponents raised concerns about the government's role in promoting national parcel delivery, thereby competing with private companies that had deemed such services insufficiently profitable.[63] Deep cultural ambivalence about the government providing services that could conceivably be privatized continues to shape the fortunes and misfortunes of the United States Postal Service. Today USPS must be self-supporting (i.e., it is not funded with any tax dollars) at the same time that it is operating in the red, largely due to a burdensome requirement to pay retiree health benefits into an account in advance, a requirement unique among all government agencies. At the same time that the United States Postal Service is tasked with acting as if it were a private business (minus the tax burden, not that many large businesses—including Amazon—are paying much tax these days anyway), it is legally prevented from expanding into new business areas, as a real private entity would no doubt be doing, while required to operate according to its public-service mission—providing mail and package delivery to every corner of the nation.

Although the exact numbers are a fairly well-kept secret, it's widely thought that the USPS delivers the greatest proportion of Amazon packages out of all the delivery services the company works with—54 percent in 2018 according to one estimate.[64] While Donald Trump declared loudly and often during his presidency that Amazon is ripping off the USPS and getting too good a deal on its rates, going so far as to threaten to withhold a crucial line of credit and install a new postmaster general tasked with raising package delivery rates,[65] it's generally thought that package delivery

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has become core to USPS's business model and helped it sustain its shrinking mail delivery operations.[66] Even if Amazon is a ruthless negotiator (as is widely assumed), the Post Office is required by law to make money on its corporate accounts. Whether the profit margins are sufficient is a topic of debate among analysts, since the fine print is secret.[67]

It's worth pausing to consider the importance of public distribution infrastructures, like USPS, for a business such as Amazon's. Whether it's the United States Postal Service, the research and development of internet and telecommunications infrastructure, or even the roads, Amazon is a distribution brand that sits atop transportation and communication networks that had already made fairly instantaneous home shopping a reality. As Amazon significantly ramps up the amount of goods that it delivers (delivering 66 percent of its own packages by the middle of 2020),[68] and increases its distribution footprint accordingly, the support from public infrastructures only becomes greater.

Widely thought to be the largest carrier of Amazon packages after USPS and Amazon itself is UPS, a company that shares a great deal of brand DNA with its biggest client, including its identity as a service brand. The origin of the United Parcel Service is founder Jim Casey's childhood employment in on-foot delivery for a department store, a teahouse, and a telegraph company (a reminder that the telegraph only partially severed communication from transportation).[69] Forming a new delivery company in Seattle, Casey and his business partners first focused on delivering packages for department stores.[70]

After starting out on motorcycles, by 1913 the then "Merchants Parcel Delivery" company acquired a Model T Ford that they adapted for deliveries. Three years later they had a fleet of delivery vehicles they initially planned to paint bright yellow, until one of the company's partners argued instead for a color that would blend into the background, to avoid competing with the brands of the department stores that were their clients. This is the origin of the UPS brown that defines this brand, originally "Pullman brown"—the color of Pullman train coaches, which conveyed sober, established respectability at the time.[71]

Since then, UPS has embraced the understated ubiquity and ability to blend into the background represented by its chosen brown. The company's biographer in *Big Brown: The Untold Story of UPS* certainly sees it

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that way, writing, "Yet, despite the P.R. . . . despite UPS's much increased advertising budget, despite the company's presence on the NASCAR circuit, despite the 19 million hits on www.ups.com daily, UPS still isn't flashy. Big Brown, though ubiquitous, still *feels* 'under the radar.'"[72] Common across distribution brands is a focus on service, and this is particularly true of UPS's brand story. The same business partner who insisted on brown for the delivery vehicles also insisted, when the company was undergoing a name change as it expanded into California, that it should be called "United Parcel Service" rather than "United Parcel Company."[73]

The idea that the company has "nothing to sell except service" was reportedly a focus for founder and CEO Casey as well, who is remembered for saying: "Our real, primary objective is to serve—to render perfect service to our stores and their customers."[74] Amazon's own understanding of itself as fundamentally a service brand will become more than clear throughout this book, but an early hint came from Jeff Bezos in 1999: "When we first started Amazon.com, we had very conscious discussions where we talked about the fact that we were not a bookstore, but we were a book service. I do think that is a better way to think about it. Thinking of yourself as a store is limiting. Services can be anything."[75]

Although UPS reported in 2018 that no single client comprises more than 10 percent of its business, it's also the case that Amazon's steady movement into the delivery and logistics business is cause for concern for the delivery giant,[76] and widely attributed to be behind FedEx's 2019 decision to no longer deliver for Amazon.[77] As a platform business, Amazon frequently blurs the lines between business partner and competitor, whether with delivery partners like FedEx and UPS, or the companies that sell products on its site. As Amazon moves into more business areas, this will only happen more often.

DIGITAL CAPITALISM AND DISTRIBUTION

Beyond the retail fundamentals of offering a large selection at low prices, both Walmart and Amazon exemplify how digital communication and computing technologies have been deployed to feed capital's "logic of acceleration."[78] Although Amazon is more popularly associated with digital capitalism, the way these companies use these tools is a significant point of

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similarity. Even though the Walmart chain of stores was established in 1962, the company's use of digital communication and computing technologies, including the world's first corporate satellite network in the 1980s, has been a significant factor in its tremendous growth and market dominance (along with its efforts to keep wages as low as possible).[79] In 1998, Walmart already was being hailed in business publications for "using computers to transform the entire process of getting products to customers, all the way from the warehouse to Wal-mart's welcome mats."[80]

Digital communications and computing have sped up the conversion of capital from one form to another in its life cycle, which is key to capital accumulation—making capitalism "friction-free" in the words of Bill Gates.[81] Digital communication plays a role in capital's "logic of acceleration" in two ways, according to Vincent Manzerolle and Atle Mikkola Kjøsen: "First, it accelerates the actual moment of exchange by reducing latency and minimizing 'wasted moments'; second, it produces transactional data that can be used as a logistical resource to accelerate the circulation of commodities."[82]

Starting with the first type of acceleration, a consistent theme of Amazon's twenty-five-year history is promoting the convenience of its brand to the consumer, making consumption ever more frictionless. Amazon has dedicated itself to making it fast and painless to find, pay for, and subsequently receive items of all kinds. In terms of accelerating the "actual moment of exchange," or what we might imagine as the front end of frictionless consumption, in 1997 Amazon filed a US patent for the "1-click technology" that shaves seconds off each purchase, reducing barriers to purchase by removing clicks or seconds during which a customer might change their mind.[83] "1-click" meant that if you had already created an Amazon account and provided a default shipping address and credit card number, you could purchase a product with one click directly from the product page, a feature that still exists today with the button called "Buy Now." The importance of winning the Buy Now button on a particular product page for which there are multiple sellers, also known as the "Buy Box" that includes the "Add to Cart" button, is made clear by the cottage industry of companies (Tinuiti, Feedvisor, and Buy Box Experts among them) that advise sellers on how to earn this advantage from Amazon. Given that an estimated 90 percent of sales on Amazon are via the Buy

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Box, it's a powerful carrot that Amazon uses to discipline sellers in areas such as their order defect rate, customer service quality metrics, price, fulfillment method and speed, and seller ratings from consumers. The ability to be a sponsored search result also hinges on qualifying for the Buy Box.[84]

Amazon has continued to focus on making online shopping as effortless as possible, with the introduction of the Amazon Dash button in 2015, an app-enabled physical button that you could stick somewhere in your house where you would just push it to reorder an item you consume regularly, such as laundry detergent or toilet paper.[85] As the ability to order items verbally from Alexa reduced the need to even walk over to a Dash button and push it with your finger, the program was discontinued in 2019. The zenith of automated, effortless shopping—requiring not even the breath required to say "Alexa"—are "smart" appliances that automatically reorder supplies such as dishwasher soap or trash bags as they sense them getting low, part of Amazon's focus on the Internet of Things.[86] And of course, like all e-tailers, the ability to shop anywhere anytime, through mobile technologies, makes purchasing a convenient 24/7 possibility.

Amazon has also opened a hybrid online/offline version of the "frictionless" shopping experience with Amazon Go, a grocery and grab-n-go store to which consumers gain entry using an Amazon Go mobile app. The "Just Walk Out" store model uses computer vision, weight scales, and machine learning technologies; the store charges the customer for anything they take off the shelves via the app on their smartphone.[87] The system automates the processes of checking out and paying, no doubt also reducing second thoughts, sticker shock, and buyers' remorse. This trend in retailing, while still nascent at least in the United States, may prove to be a blow to retail workers who will see jobs disappear in the digital, automated economy.

Every piece of friction that Amazon removes speeds up the circuit of capital, making it more profitable by reducing inventory costs and encouraging more spending. Bundling also uses a service logic of convenience to capture ever more consumer activity under the Amazon umbrella. With the Prime membership, there's a reduction in friction when an array of transactions and activities can take place with one provider that already

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has your delivery information and payment information, and consolidates all the "rewards" of membership. Whereas the purpose of "flow" on television was to keep the viewer on the channel for the purpose of selling their attention to advertisers,[88] on Amazon the purpose is to discourage comparison shopping on other sites, to purchase what you came for in the same visit, to purchase more than you came for (a goal for all retailers everywhere), and, similar to television, to expose you to in-store product marketing.

Walmart, in the meantime, is making efforts to offer convenience and ease to its customers as well. The ability to pick up online purchases in store and return them there as well introduces convenience to the regular Walmart shopper, and Walmart has ventured into curbside grocery pickup for internet-based orders, a development that became all the more relevant during the COVID-19 pandemic, giving Walmart some competitive advantage over Amazon.[89] Overall, though, Walmart's speed at the "moment of exchange" remains fairly comparable to all brick-and-mortar formats. It's in the area of logistics and distribution that Walmart has really distinguished itself, leading the way in using transactional data to accelerate the circulation of commodities by having the right goods in the right stores for consumers at the right times, and by using these data as a "logistical resource" to shift economic and political power from manufacturers and product brands to itself. Relative to Sears's heyday, digital communication and computing have taken much more of the guesswork out of what retailers want to order, and the expectation for the speed of response has become much greater, shifting the risk substantially from retailers to producers. The ability to track purchases in real-time with SKUs (eight-digit stock-keeping units), and to predict future sales via search behavior and predictive analytics, has put retailers in a position to make much more specific demands on manufacturers. Amazon knows more about who buys manufacturers' products and under what conditions than the manufacturers themselves do, and will make this data available only to a limited extent and at a considerable price.[90]

This shift in power between retailers and manufacturers is part of what Edna Bonacich and Jake B. Wilson describe as a "logistics revolution" that started in the early 1980s, when information technology and computing power allowed companies to exert greater control over the entire supply

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chain, beyond just delivering goods from A to B, but extending to "design and ordering, production, transportation and warehousing, sales, redesign, and reordering" in order to "link supply to demand" as precisely as possible.[91] Before logistics were supercharged by digital communication technologies, they were, of course, also key to previous distribution brands. One of Sears's most celebrated executives was General Robert E. Wood, who drew on his military training in logistics—he was a veteran of World War I when he served as quartermaster-general—in his leadership of the company.[92] Logistics have been a major focus for Walmart and Amazon. Tensions ran high between the two companies in Amazon's early years because of Bezos's habit of poaching supply-chain management executives from Walmart in order to use their expertise to develop Amazon's own approach to warehousing and delivery.[93]

While both Walmart and Amazon exemplify how digital communication technologies have supercharged capital accumulation, Amazon has advantages as a digital *platform* that Walmart does not fully share. Walmart may have unlocked the importance of logistics and distribution to retail dominance, but the baton has now passed to Amazon in terms of pushing the envelope in ecommerce delivery times and using information technology, robotics, and economies of scale to extract more efficiency from the distribution process.

CONCLUSION—FROM DIGITAL CAPITALISM TO PLATFORM CAPITALISM

This chapter offers historical and contemporary context for understanding Amazon as a distribution brand. What becomes clear when comparing Amazon to other major distribution brands like Sears, USPS, UPS, and Walmart is that such brands are among the most powerful in our economy. When we think about brands we tend to default to product brands, but the economic and political power of distribution brands is tremendous, even if their very ubiquity leads us to take them for granted. Companies whose primary business is distribution employ the most people; shape our communities and consumer identities; hold disproportionate power over politics and governance; and wield great influence over the manufacture of products even if they don't actually do it themselves. Distribution brands

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structure the national and international consumer cultures in which we live.

It's the very ubiquity and routine nature of a distribution brand like Amazon that fosters such consumer trust, even affection. A focus on service cultivates affection by placing the consumer's desire, convenience, and necessity at the center of every transaction, facilitated in no small part by the tools of digital capitalism. The distribution brand's service identity also gives it flexibility, allowing a brand like Amazon to stretch into a long list of new products and services without much apparent hesitancy or puzzlement on the part of its customers. Like its partner UPS, Amazon may not be glamorous, but its very utilitarianism fosters trust and contributes to the idea that it's part of the infrastructure of modern life.

What may have set Amazon apart from its predecessors and early competitors was Jeff Bezos's foresight into how the internet would eventually transform commerce, and his timing in getting in on the ground floor with a highly customer-focused service. Digital communication and computing allow Amazon, Walmart, and other companies to take the principles of capital accumulation and subject them to increased precision, greater predictability, and the ability to conquer space and time, in terms of the circulation of goods and information, on a global scale like never before. But beyond speeding up the circulation of capital, these technologies render change not just in degree, but in kind, too. This is a distinction that Bezos recognized early on in his career, when his experience with the internet caused him to seek out an employment opportunity with a company that not only would take advantage of the "first phase of automation," where "you use technology to do the same old business processes, simply faster and more efficiently," but also would embrace the "second phase of automation," where "you can fundamentally change the underlying business process and do things in a completely new way."[94]

Although this chapter looks at the similarities between Amazon and other distribution brands, there are also divergences that arise from the ability of primarily digital companies like Amazon to operate as platforms. One example of this divergence is that in its early days, Amazon was fundamentally a "middle man" between book publishers and distributors and customers, just like the Sears catalogue had been in its early days, but with the advantage of speed of communication and payment ("first order

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automation"). However, as the size of Amazon's customer base grew, and the tendency of customers to return again and again due to an emphasis on customer service became clear, Amazon realized it had a "platform" to vastly extend its product offerings *and* monetize those "eyeballs" above and beyond retail sales. As former employee James Marcus put it, "A crowd that big was itself a commodity."[95] In this respect Amazon starts to diverge from the principles of distribution brands established by the Sears and maybe even the Walmarts of the world, although Walmart is emulating Amazon by moving into online retailing and capturing detail about in-store consumer purchases through app tracking and mobile banking technologies.[96]

Amazon has shown greater malleability with its brand and business areas than we've seen with previous distribution brands. Although Sears became the "everything store" in terms of product categories, it didn't stretch as far into whole new services as Amazon has done, including its own brand-name electronics, entertainment, and cloud services. Amazon's ability to do this demonstrates the multiple ways that a platform can function. On the one hand, the consumer and transactional data that Amazon has mined—based on sales of not only its own retail inventory, but also all its Marketplace sellers—gives it unmatched, time-sensitive market intelligence to help it sell targeted advertising and identify new business areas. On the other hand, Amazon's relationship with consumers as a trusted service brand gives it the malleability and reputational capital to move into new products and services. Amazon's rapid rise to dominance as a distribution brand, and the ways that it is rewriting many of the rules for the distribution of products, advertising, and entertainment, have implications beyond those specific industries, as explored in the subsequent chapters of this book.

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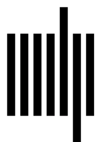

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