

# ethical & societal dilemma

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## Internet vs. Brick-and-Mortar Stores

Smartphone price check apps help consumers save money by using a scanned bar code, search query, or photo and spoken product name to search multiple merchants for the best price for a particular item. The results tend to favor online merchants, which don't have to bear the cost of brick-and-mortar stores. But Amazon took price checking a step further: Just in time for holiday shopping, the company sliced off an additional 5 percent for shoppers using Amazon's Price Check app in a physical store.<sup>52</sup> The app only

revealed Amazon's price, and the discount, which applied to toys, electronics, and DVDs, could be used for up to three items at a maximum savings of \$5 per item.

Retailers complained that the app rewarded consumers for using brick-and-mortar stores as showrooms where shoppers could experience an item in a comfortable environment, learn about it from sales staff, decide to buy it, and then receive a discount for purchasing it online—oftentimes while the customer was still in the store. Although the discount didn't apply to books, it triggered outrage and a call for an Amazon boycott from

bookstores already hurt by the Internet retailer's low prices and ability to avoid collecting state sales tax.<sup>53</sup> Critics called the promotion predatory and claimed Amazon was compromising the personality and economic stability of communities.

Retailers compete for customers, particularly during the holiday season, and Amazon's promotion helped shoppers save money. But should Amazon have considered the showroom effect on brick-and-mortar stores? On a broader scale, how aggressive can a marketer be before triggering backlash that can harm the company's reputation?