

Criticism mounts as 'peak' season for Amazon arrives

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As Amazon ramps up to its holiday "peak," scrutiny and criticism of the company is becoming more strategic, widespread and coordinated.

Just last week:

- A coalition of 42 labor, social and [economic justice](#) and digital privacy groups formed an alliance called Athena to "stop Amazon's growing, powerful grip over our society and economy."
- An investigation found that workers in Amazon warehouses were hurt on the job at a rate more than twice the industry average last year. The injuries, detailed in federal data obtained for about a fifth of Amazon's U.S. warehouses, mounted during the company's busiest periods, when certain warehouses ship as many as a million items a day, according to the report by Reveal from the Center for Investigative Reporting and The Atlantic.
- Another report quantified the environmental, social and economic impacts of Amazon's distribution systems in Southern California. The Economic Roundtable's report, underwritten by a union federation, noted that while the company has provided jobs and economic growth, many of its distribution workers were living in crowded, substandard housing and earning less than a living wage.

The drumbeat continues. On Monday—"Cyber Monday" in the parlance of online retail and one of the busiest days on the Amazon calendar—a group of international union and [consumer groups](#) is set to gather in Brussels for a symposium devoted to reining in what it called Amazon's "unchecked power."

The recent criticisms follow other high-profile reports this year documenting traffic injuries and deaths caused by Amazon's third-party delivery contractors, its struggles to remove unsafe and counterfeit goods

from its inventory and antitrust scrutiny from federal regulators.

Does any of this affect Amazon's customers views of the company, and will it influence their shopping habits?

The company's brand is the most valuable in the world, but more negative sentiment has crept into social media posts about it this year.

Amazon spokesperson Kelly Cheeseman described the company's critics as "self-interested," funded by competitors and unions "conjuring misinformation to work in their favor."

She said the injury rates cited in the Reveal/Atlantic investigation are a result of Amazon's "aggressive stance on recording injuries no matter how big or small," and suggested that other companies underreport. She also rejected any connection between injuries and delivery speeds.

"It's not about anyone working faster than they did previously; it's about processes and our overall operations network coming together to be able to offer fast delivery," Cheeseman said in an email.

Amazon enters its 24th all-important holiday season as the dominant player in online retail, capitalizing on its core business proposition of low prices, vast selection and fast delivery. And, as Bain & Co. analysts wrote in a recent report, "Amazon has historically won by gaining share during the holidays."

Broadly, U.S. retail spending is expected to grow 4% to 4.5% during the holidays, according to Moody's Investor Services. Online retail spending was on track to grow 15% heading into the Thanksgiving weekend, according to Adobe Analytics.

While Amazon forecast lower-than-expected sales and profits in the

fourth quarter, in part due to investments in one-day delivery for its Prime subscribers, it still predicted sales growth of between 11% and 20% across the company.

Amazon has become the leading starting place for online shopping, with more people in the U.S. beginning research on its site than on any other, including Google, according to research cited by management consultancy Bain.

Part of Amazon's strategy has been to make headline-grabbing moves during or just before the holiday period. Last year, it announced a \$15-an-hour wage floor across the company in October and the location of its second headquarters in November. In 2013, Jeff Bezos revealed his plans for drone delivery during a "60 Minutes" interview that aired Dec. 1.

Likewise, the chorus of Amazon critics have timed their announcements to its busiest periods, as they did during the company's Prime Days summer sale.

"It's no coincidence to us that this group (Athena) would emerge now because large shopping events have become an opportunity for our critics, including unions, to raise awareness for their cause [?] in this case, increased membership dues," Cheeseman said.

Greater coordination is becoming a regular feature of Amazon's detractors: Activist shareholders worked together to target the company with a slate of environmental, social and governance proposals that were voted on at its annual meeting this year. None passed.

Amazon's brand was the most valuable in the world this year [?] worth an estimated \$335 billion, up 20% [?] surpassing Apple and Google, which traded the top spot for the last 12 years in a ranking by BrandZ, a unit of

data and consulting company Kantar.

"Part of that is driven by the stellar financial performance, but part is driven by the depth of consumer equity for Amazon," said BrandZ global research director Martin Guerrieria.

But there are some signs of eroding consumer sentiment toward the retail giant. The share of negative and neutral online comments about Amazon has increased in the last two years, according to an analysis by Bain and Brandwatch.

"Although customers frequently express their love for Amazon, they have recently cited concerns about corporate issues, such as Amazon's treatment of workers and anticompetitive behavior," the Bain analysts wrote. "Shipping and delivery issues, poor product quality and customer experience were also common concerns."

Negative posts about the company tend to increase during the fourth quarter, the analysts noted.

Guerrieria said that overall consumer sentiment toward a brand hinges on several factors including corporate reputation, value and experience. Amazon ranked seventh in BrandZ's surveys on corporate reputation and trust.

Even if it were to slip on those measures, the company's value to consumers can insulate its overall reputation.

"That's definitely what we've seen with Volkswagen," Guerrieria said.

The German automaker's corporate reputation, stock price and sales tumbled in the wake of its diesel emissions scandal, in which the company was found in 2015 to have programmed software on about 11

million vehicles to spoof environmental tests.

But it continued to produce high-quality vehicles and deliver a great experience, Guerrieria said, and consumers were still willing to buy, even though they were aware of the scandal.

"Maybe we'll see that with Amazon as well," he said, noting that BrandZ will begin consumer sentiment interviews for its 2020 rankings in coming months. "Time will tell."

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