

# In move to compete with Amazon, Walmart asks workers to make deliveries during commute

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Walmart, the world's largest multinational retailing corporation, unveiled a new package delivery program Thursday, in which the company will pay its employees to deliver packages to customers on their way home from work.

The program shows how Amazon's exploitative practices are lowering working conditions for the entire working class. With Amazon occupying a dominant position in online retail sales, it dictates the terms of employment far beyond its own workforce.

The new initiative is the brainchild of Walmart's e-commerce director Marc Lore, who publicly announced the new program in a blog post on the company's web site. Lore, who worked for Amazon between 2011 and 2012, wrote that the goal of the program is to "cut shipping costs and get packages to their final destinations faster and more efficiently."

"Cutting costs" is corporate code for increasing the level of exploitation of the workforce in order to increase the company's profit line. At present, last-mile delivery—the movement of goods from a transportation hub to the final delivery destination, often the consumer's residence—accounts for an estimated 53 percent of the total cost of online retail delivery.

The move is part of an effort by Walmart to control an even greater portion of its workforce's lives. Amazon and Walmart executives are probably plotting a way to make money off of workers while they sleep!

The average FedEx delivery driver earns roughly \$24/hour, while the average UPS driver earns close to \$30/hour, according to Glassdoor.com. An entry-level Walmart employee, on the other hand, earns a mere \$9/hour during their first 6-18 months of training, at which point the starting wage is roughly \$10/hour. The

new "associate delivery" program thus strives to replace largely full-time, salaried truck drivers with informal, minimum-wage employees. It marks another step toward the "uberization" of the global workforce.

Stephanie Luce, a labor professor at the City University of New York, told the *Washington Post*, "The practice seems ripe for abuse if the company does not compensate workers for the full cost of their journey, the expenses related to gas, car depreciation, and potential problems like accidents, tickets or parking expenses. Like other 'gig economy' type jobs, there is a potential to benefit workers—but in reality, most of the benefits accrue to the employer, not the employee."

The competition between Walmart and Amazon shows the degree to which a handful of massive corporations dominate the world economy.

Nearly all growth in the retail market now stems from e-commerce, and in 2016 Amazon accounted for 53 percent of all growth in US e-commerce sales for the year, placing immense pressure upon Walmart to elevate its standing in the online marketplace. This prompted Walmart's decision last August to purchase the e-commerce web site Jet.com for \$3.3 billion. As part of the acquisition, Jet.com founder and CEO Marc Lore was promoted to president and CEO of Walmart e-commerce and given a total compensation package of \$243.9 million, making him one of the country's highest-paid executives.

Lore was previously the co-founder of Quidsi, the parent company of a family of web sites including Diapers.com, Soap.com, Wag.com, and more, all of which were sold in 2011 to Amazon for \$545 million. Last March, Quidsi's subsidiary companies were all deemed "unprofitable" and closed, widely seen as a an

act of retribution by Amazon CEO Jeff Bezos against Lore's decision to head e-commerce at Walmart.

Since Lore took the helm of e-commerce operations, Walmart has engaged in an acquisition spree, buying out online footwear retailer ShoeBuy.com (\$70 million), outdoor gear company Moosejaw (\$51 million) and the online fashion web site ModCloth (\$45 million) in the past year alone. At present, there are ongoing negotiations to acquire the menswear web site Bonobos.com for a reported \$300 million.

Walmart's efforts to compete with Amazon in e-commerce, including the latest move to hire current employees to deliver packages on their commute home, has had a substantial impact on corporate sales. In the most recent quarter, Wal-Mart reported a 63 percent increase in e-commerce sales, up from 29 percent growth in the previous quarter and its fourth consecutive quarter of increases.

Meanwhile, workers' wages at both corporations stall. As they compete with each other for market share, they similarly compete to increase the profit margin by "cost cutting"—i.e., cutting workers' wages and benefits.

The average Walmart employee in the US earns a starting wage of \$9/hour, while the average Amazon warehouse worker in the US makes roughly \$12.40/hour, or annual salaries of roughly \$18,720 and \$25,792, respectively.

Last year, Walmart had an operating income of \$22.76 billion, while Amazon raked in \$2.37 billion of net income. At present, the six heirs of Walmart founder Sam Walton, who own a majority of the company, possess a combined net worth of roughly \$143 billion.

With the rise of Amazon, founder and CEO Jeff Bezos has seen his personal fortune skyrocket. On May 30, Amazon stock topped \$1,000/share for the first time, pushing Bezos' wealth to \$86 billion and making him the second-richest person in the world. In the past year alone, Bezos has accrued \$22.5 billion, and in the last five years he has earned an astounding \$66.6 billion, or \$25,342 *per minute*.

The immense wealth accumulated by the Waltons and Bezos is extracted from the labor of hundreds of thousands of workers worldwide that toil for both corporations. This is the real source of profit under capitalism, and is the driving motive behind Walmart's

new package delivery program, which seeks to extract surplus value during its workers' drive to and from work.

Walmart and Amazon workers have no interest in the frenzied competition for profits between the two major conglomerates. Rather, their interests lie in unifying with one another against both corporations in a common struggle for social equality.

*The World Socialist Web Site encourages all Walmart and Amazon workers to subscribe to the International Amazon Workers Voice (IAWV), "like" us on Facebook, and contact us to learn more about the fight for socialism.*



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