


# DASH OF CONVENIENCE

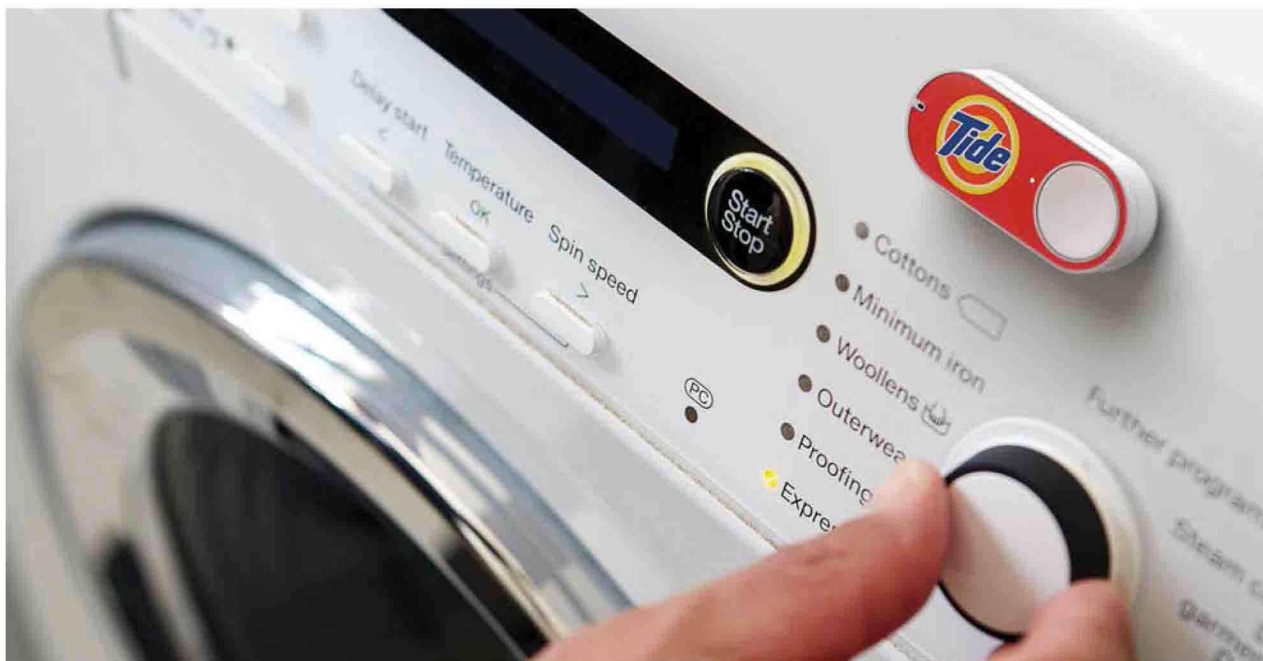
by FIONA SOLTES

**A**mir Pelleg was a beta tester for the Amazon Dash Button. Good thing, too; otherwise, his two young children might have been pushing the one for their favorite granola bar much more often than necessary.

“We wanted to make sure the customer experience was right,” says Pelleg, director of Amazon Dash, and that applies to “kids” of all ages. Even if the children push that button three times — whether it’s for the fun of the experience or the love of the bars — only one box would arrive at the door, controlled by a notification on Pelleg’s phone.

A close-up photograph of a person's hand holding a yellow Amazon Dash Button. A yellow speech bubble with a black outline is positioned over the button, containing the text "Is Amazon's replenishment feature on the button?". The background of the entire page is a collage of various Amazon Dash Buttons for different brands like Glad, Huggies, and Bounty.

Is Amazon's  
replenishment feature  
on the button?



Over the past year, the number of brands offered to Amazon Prime members through a Dash Button has grown from 18 to more than 150. Attached to a refrigerator, washing machine or other convenient location, the button allows customers to order a specific product with a single push and no need to go to a computer or even a smartphone, and each item arrives via free two-day shipping. In addition, as of the end of August, Dash Button and Dash Replenishment — through which appliances such as washing machines automatically reorder detergent when supplies run low — are now available in the United States, United Kingdom, Germany and Austria. More than 40 brands are available in each of those countries, and the program has been so well received, Pelleg says, that “we’re struggling to stay in stock and meet customer demand.”

It’s not simply hunger for North American products, either. “It’s absolutely local brands, what customers want and use,” he says. “We made sure those were available for them.” It harkens back to the program’s original intent, when the key criterion for the brands involved was that they be products people use on a regular basis and like to repurchase.

The only question about the success of the program, it seems, is where it will go next.

#### MORE THAN A P&L ROUNDING ERROR?

**K**en Seiff, managing director of New York-based Beanstalk Ventures, has been following Amazon for some time.

“I don’t think you can be in the retail tech space and not hold Amazon in the highest re-

gard for its level of innovation and creativity, and their forward-thinking efforts to redefine the entire sector,” he says. “They often see things way before the rest of us.” As examples, Seiff points to delivery by drone, Amazon Echo and Alexa.

What puzzles him, however, is why from the seemingly infinite number of products on the Amazon site it would matter that a relatively small percentage is available via a physical button that could be affixed in the most convenient spot.

“How does this become meaningful to their business?” he wonders. “I don’t think we’ll have 500 of these buttons in our houses ... I’m not sure this is going to be much more than a rounding error in Amazon’s total [profit and loss statement].”

Seiff is a Prime member who shops Amazon at least once a week. Even so, he has yet to order a button; Seiff doesn’t buy his grocery and cleaning supplies at the site. (Each Dash Button is \$4.99, and that amount is credited to the consumer’s Amazon account with the first purchase.)

What he anticipates is that the Dash Button will extend more to the service industry, rather than just products. That’s already happening.

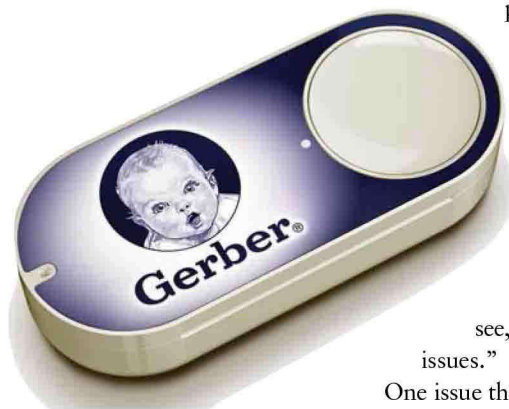
Last fall, Amazon Web Services launched a program that allows developers to write code on the Dash back-end, enabling the button to cause anything they desire to happen. Pelleg, for example, has heard of a company that wrote code that sent a note to everyone in the office when coffee had been brewed. Another uses the button to order helicopter service.

Amazon Prime members can receive two-day delivery on **more than 150** brand-name items using Dash Buttons.



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— Ken Seiff,  
Beanstalk Ventures



So what about that end game? Pelleg says it's just another way to make shopping easier.

"For some products, the most enjoyable shopping experience is the one that doesn't need to happen," he says. "I'm still searching for that one person who wakes up excited to go to the store and get laundry detergent and toilet paper." With products like these, there's a lot of commonality to be found between "not having what I need and overstocking so I don't run out."

The Dash Button is another step toward the Internet of Things-enabled connected home.

"What people ask me is, 'When is the Jetsons' home really coming?'" Pelleg says, referring to the futuristic cartoon of the 1960s. "It's

the toughest question. Very smart people say we always overestimate what will happen in two years, and underestimate what will happen in 10."

The automated, connected-home experience will be here sooner or later, he says, and in the interim "It's a fun space to see, while solving real customer issues."

One issue that comes up in discussions of Dash is price. When using the button, the customer bypasses that consideration, choosing convenience first and foremost. In addition, for a customer to even have a Dash Button means they are loyal to the brand. Will that loyalty give Amazon that much more pricing leverage?

Pelleg sees it instead as a continuation of the trust that Amazon has built with customers over the past two decades.

"We focus very heavily on earning customer trust day in and day out," he says. "That customer trust means that when you come to Amazon, you know that you will get a great price."

Items purchased through a button are priced the same as if they were bought online. "When



a customer clicks that button, we work very hard to earn their trust," Pelleg says. "They know we're providing them that great price, so therefore, it's not an issue."

The Dash Button was met with a healthy dose of skepticism early on, which Pelleg attributes to customers simply not understanding what they were or how they could fit into their lives. "But if you're in my shoes and see the metrics, the feedback, it's super exciting," he says.

A button is now used more than twice every minute, orders have tripled in recent months and the number of brands continues to grow at a rapid pace. For popular items such as an eight-pack of Bounty paper towels or 30-ounce canister of Maxwell House coffee, more than half of Amazon orders are now made through the Dash Button. New brand additions include Pepperidge Farm Goldfish Crackers, Mentos, Clif Bar, Campbell's Soup and more. There may even be some surprises when considering the entire list.

In a statement, Trojan Brand Condoms Vice President of Marketing Bruce Weiss called the Amazon Dash Button a "huge success" for his company. "It literally takes being prepared and protected to a whole new level, making condom buying as easy as pushing a button," he said. "The unexpected and fun nature of this leading-edge technology from Amazon goes a long way in bringing condoms more into the mainstream as a normal consumer health product."

Brian Fischel, vice president of diversified channels at Campbell Soup Company, says, “Doorstep delivery is important to the future of shopping and we are excited for our brands to play a role in this evolving digital experience.”

Pelleg admits that he enjoys learning the metrics of how often people click an Amazon Dash Button — no matter what they’re buying — and how the buttons address and solve replenishment problems. But he’s also spurred on by the fact that people are enjoying the process. “Quite a few customers say, ‘We wait to push the button. It’s fun,’ he says. “That’s encouraging.”

### ‘A LOT OF CATCHING UP TO DO’

**W**hile Amazon is the leader in this space, it’s not alone. In April, Fung Global Retail & Technology released a report about Kwik, an open-source alternative to Amazon.

Kwik “has had some success in Israel, signing up some global brands there,” says John Harmon, a Fung Global senior analyst. “However, the company has to overcome the mind and market share that Amazon has built up in the U.S.”

There are probably retailers that don’t want to be locked into Amazon, he says, and Kwik’s recent infusion of \$3 million in seed funding is “intended to explore the market.” Brands already working with the Israel-based startup include Domino’s, Huggies (Kimberly-Clark) and Anheuser-Busch.

“Kwik needs to offer consumers some kind of value for not going with the convenience of Amazon,” Harmon says, and industry observers and analysts “need to see retailers signing up with Kwik in the U.S. as a sign of validation.”

Even though Amazon fulfills the orders, the Dash Button makes consumers feel as though they are interacting directly with the brand. Kwik does work more directly with the brand, Harmon says, which could build a strong consumer relationship in the long run.

Fung reports that unlike the Amazon Dash

Button, Kwik’s IoT platform soon will be available to all brands worldwide. Brands and suppliers can easily connect their current order system to the Kwik platform by the way of application program interfaces. That means no setup cost and no change to the existing system, as well as the ability to gather real-time data on customer purchase habits.

Pelleg says that, rather than being concerned, he’s excited to see additional innovation focused on streamlining and improving the customer experience.

“Amazon Dash has had a huge head start, has a large, entrenched customer base and is signing up new partners every day,” Harmon says. “Kwik has a lot of catching up to do in the U.S., so we would expect little impact at first.”

The ways in which consumers purchase products continue to evolve, “and we are in the early stages of the Internet of Things boom,” Harmon says. “The area is still wide open for companies with innovative solutions. However, Amazon continues to expand its base and becomes more entrenched every day.”

The categories involved with the Dash Button have kept growing, too. Toys have recently been added to the list: Play-Doh, for example, is a popular re-order for daycares, so it has its own button.

“It may not be right for some customers, but it’s great for others,” Pelleg says.

While he doesn’t foresee a day when there will be a button for every brand or item, “My wish is always for buttons customers want. I’m always going to listen to customers and try to get those brands ... I do think buttons will become an increasingly important part of our lives.” **STORES**

**Fiona Soltes, a freelancer based near Nashville, Tenn., loves a good bargain almost as much as she loves a good story.**

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— Amir Pelleg, Amazon

