

BUSINESS INSIDER

States Are Rolling Out An Online Sales Tax That Could Impact Amazon's Growth



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SALES TAX IMPACTS AMAZON SALES: States that enforce an online sales tax could limit Amazon's growth, according to a new paper out of Ohio State University. Customers living in states with an online sales tax spend approximately 10% less when shopping on Amazon than those who don't have to pay the additional charge. For years, Amazon's competitive advantage over bricks-and-mortar retailers was that customers didn't have to pay sales tax on the e-commerce site, but that's no longer true in states such as California and Texas. State governments are looking for new sources of revenue so they can balance their books, and online retail has become a natural target as more consumers are making purchases over the Web. Amazon said it is still able to offer the best prices "with or without sales tax." However, if Amazon's competitive advantage begins to erode over competing retailers, than we might see sales slow more dramatically. ([Bloomberg](#))

MICHAELS RELEASES NUMBERS ON ITS DATA BREACH: In a press release, arts and crafts retailer Michaels said 2.6 million payments cards may have been impacted during a data breach that took place between May of last year and January 2014 (it amounts to about 7% of the cards used at Michaels stores). The attack targeted a "limited portion of the point-of-sale systems" in a number of its stores, the press release said. The breach, which also affected Michaels subsidiary Aaron Brothers, was largely overshadowed by the Target data breach which affected up to 110 million Target customers. ([Michaels](#))

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AMEX EXPANDS WITH WAL-MART: American Express announced that its Serve prepaid

card will now be available to Wal-Mart customers. Serve is a reloadable prepaid card that can be purchased at 4,100 Wal-Mart stores. Customers can reload their accounts at 19,500 Wal-Mart, CVS, and 7-Eleven locations in the U.S. That means Serve basically turns retail locations into bank branches. Serve is accepted anywhere that accepts AmEx, and can also be used to withdraw cash at ATMs.

Oddly, AmEx already offers a similar product at Wal-Mart called Bluebird. In fact, the two cards are so similar that it's not clear what the difference is beyond the fact that the press release says Bluebird is targeted at the "unhappily banked" and Serve is targeted at the unbanked. ([American Express](#))

E-commerce-based subscription service Birchbox has raised \$60 million in new funding. The company now has 800,000 subscribing customers and is estimated to be generating \$125 million in sales per year. ([Fortune](#))

Nike has confirmed a "small" number of layoffs within its digital sports division, largely centered on the team responsible for production of its Nike FuelBand fitness tracker. Nike announced the cuts after a CNET report surfaced last week revealing that Nike [had laid off 80% of that team and was going to shutter the Nike FuelBand hardware altogether](#), which Nike denies. This may be the beginning of Nike becoming more geared toward making wearable device software rather than actual wearable devices. ([Re/code](#))

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