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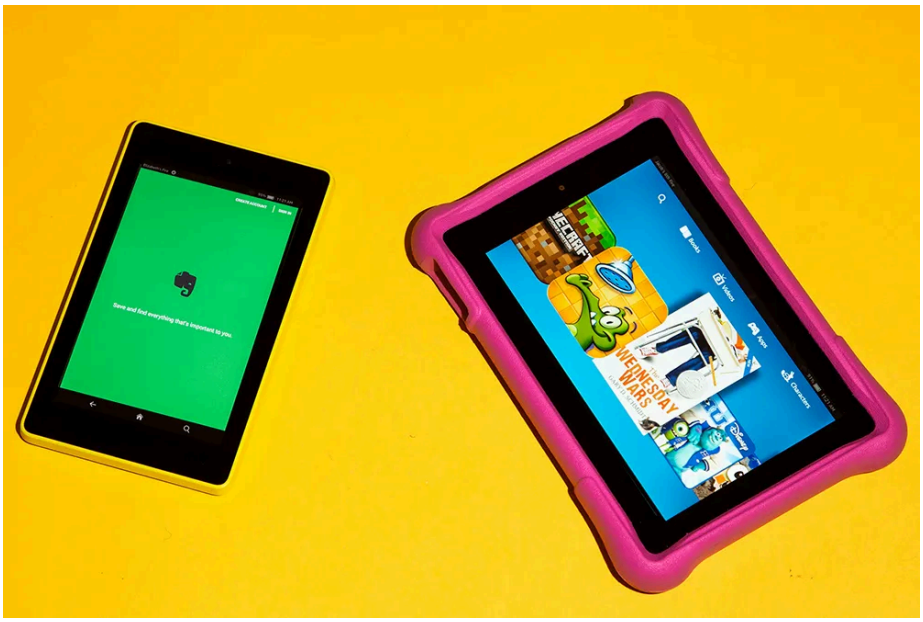
Amazon Doubles Down on Gadgets in Battle With Google and Apple

Amazon is reportedly diving even deeper into the world of hardware development with a major investment in its own hardware division, a move that will no doubt pit the company against the likes of Google and Apple.



Amazon's Fire HD tablet (left) and its sister "Kids' Edition" device. AMY LOMBARD/WIRED

KINDLE, FIRE phone, and Fire TV were just a start. Now, it seems, Amazon is diving even deeper into the d of hardware development with a major investment in its own hardware division, a move that will no doubt pit the company against the likes of Google and Apple.

According to documents uncovered by Reuters, Amazon is increasing staff by 27 percent in its internal hardware lab, known as Lab126, while investing $55 million in the department in hopes of developing a new line of smart home devices. In doing so, Amazon would join a movement among tech titans that aims to help us control our homes with internet-connected hardware. Google's Nest Labs is already working on technology such as connected thermostats and smoke detectors, while Apple recently introduced its HomeKit, which lets app and hardware developers build devices that can communicate with one another.

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That Amazon would want to be part of this smart-home trend makes a lot of sense. Every device could potentially serve as a new platform from which to sell consumers more stuff on Amazon. And according to unnamed sources speaking with Reuters, that's precisely what Amazon has in mind. One person familiar with Amazon's plans told the newswire that the company is working on a device that would allow people to order items like detergent at the press of a button.

But the question remains whether consumers actually want devices made by Amazon. Sure, they were happy enough with the Kindle, but the e-commerce giant's more recent attempts to lure customers in the gadget market---most notably with the Fire phone---have gotten a tepid reception from consumers. The phone's main selling point is a 3-D shopping feature called FireFly, which hasn't enticed customers the way Amazon had hoped. In a clear acknowledgement of that fact, Amazon recently cut the price of its Fire phone from $199 to just $.99. Yes, it's OK to cringe.

But while consumers may not want their phones selling to them all the time, it's possible that Amazon's services may be more accepted in the home. After all, giving customers an easy way to replenish things like cleaning products and paper towels at the very moment they realize they've run out would be advantageous not only to Amazon, but to consumers as well. But Amazon CEO Jeff Bezos should be careful not to let his own business model blind him. Amazon is now entering a turf war that has been all but dominated by hardware experts like Apple. If Amazon is to win this space, it will need to offer consumers something more than an easy way to stock up on toilet paper.

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