

BUSINESS
Analysis

Amazon Go Grocery: Corning Go or Not ?

Case Team 3

Key Insights

- In the short term, we **shouldn't import Amazon Go technology in Corning grocery store.**
- Main reasons:
 - Market:** Small market size and lower purchasing power in Corning
 - Consumer:** Different customer characteristics from Amazon Go Grocery's target market
 - Revenue:** low profit margin
 - Cost:** high investment & operation cost
- In the long term, however, we should still keep an eye on the technology.



Amazon Go Grocery

Key Features

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Amazon Go Grocery Differentiates Itself From Many Aspects



Geographic Distribution

27 stores in **Seattle, Chicago, San Francisco, New York**

(Urban area)



Service Mode

Cashierless service based on technology



Use the Amazon Go app to enter



Take what you want



Bag as you shop



And that's it

High standard products from famous brand and local suppliers

Lower price



Cost Mode

↓ Labor cost

↑ Equipment cost

↑ System cost (Investment+Operation)

Profitability Mainly Based On Lisencing



In-store sales

low profit margin industry
(1.2% after tax)



Lisencing fee & revenue sharing



Amazon Go Grocery's Target Consumer and Consumer Analysis in Corning

/02

Amazon Go Grocery Satisfies the Demands from Target Consumers

Main Features

Product Positioning

Partner with retailers
provide high quality products

High Tech

Go Technology

Convenience

Full selection | Cashier-less |
Potential delivery

Amazon Go App



Target Consumer Profile



Purchasing Power

Focus on goods quality
Age between 18-65

Internet User & Educated

A majority of internet users worldwide would
prefer 'just walk out' shopping experience

Urban Busy office workers

Fast speed | Efficiency |
Care more about time

Amazon Prime's subscriber

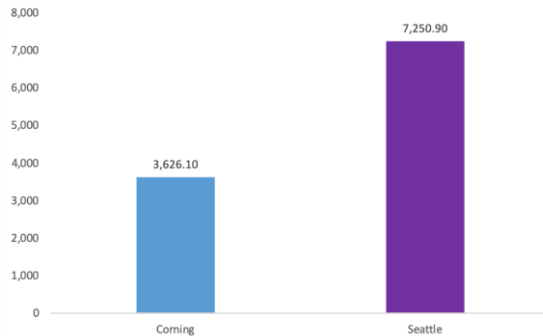
enjoy service online & offline

Corning Consumer Analysis: Smaller Market Size and Lower Purchasing Power

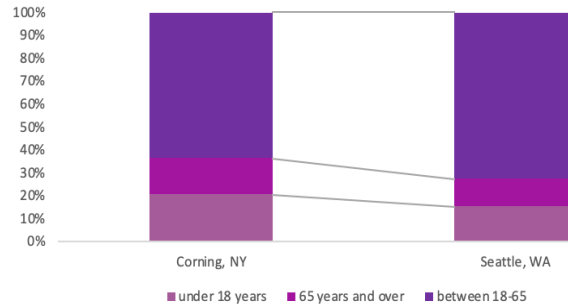
Smaller market in Corning to gain profits

Less proportion of Age group with more purchasing power (18-65) shows lower purchasing power in Corning

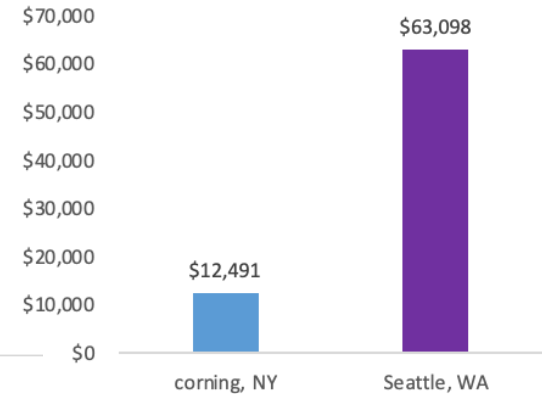
Population per square mile, 2010



Age distribution in Corning & Seattle

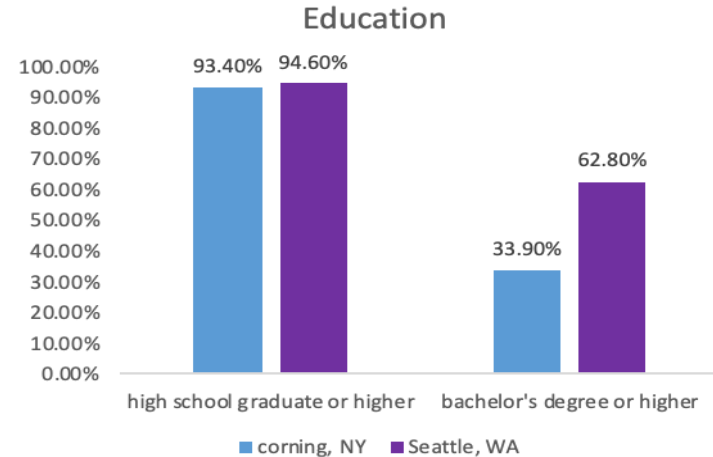
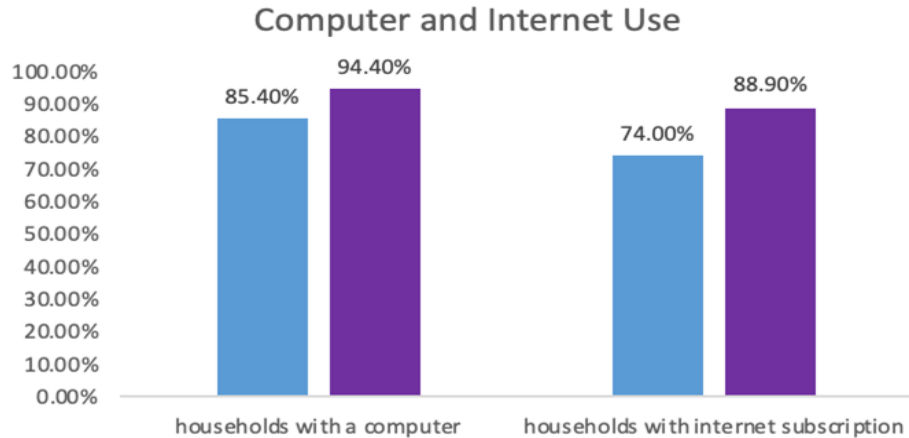


Total retail sales per capita, 2012(c)

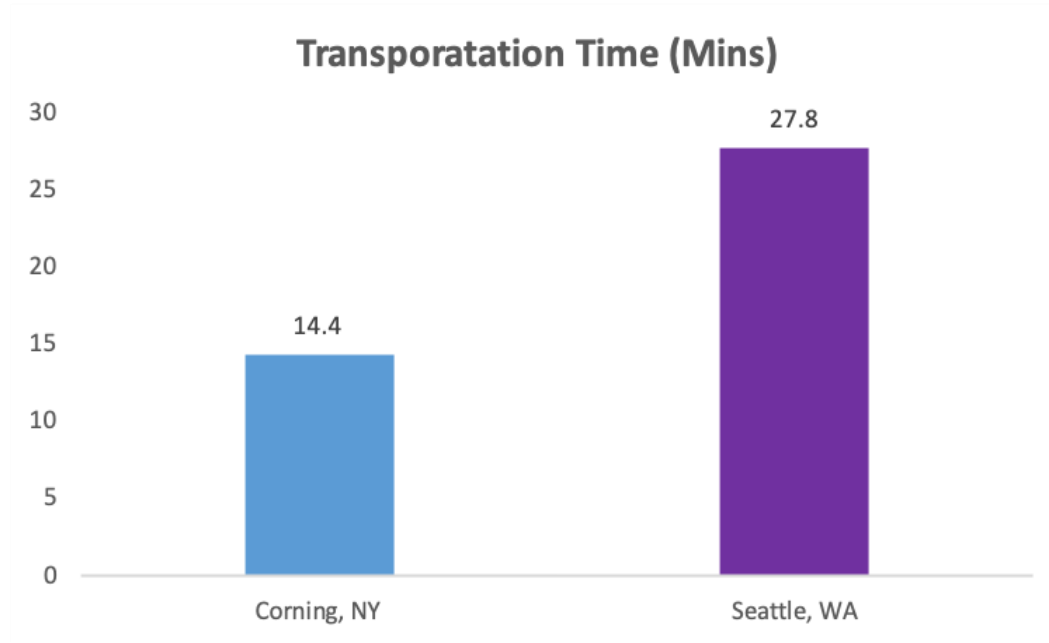


Corning Consumer Analysis: Households in Corning Have Less Accessibility to High Tech

Lower proportion of educated, lower computer and internet use makes Corning not likely to access high tech



Corning Consumer Analysis: Corning Residents Have More Time Flexibility, Care Less about Fast Speed





Short-term and Long-term Analysis and Recommendations

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Recommendation: Corning Should Not Bring in Go Geocery Store At the Moment



In the Short Term, Corning Should Not Bring in Go Geocery Store At the Moment

Go Geocery Will Damage the Local Job Market

'That's great for everyone except the 2.3 percent of all U.S. employees who are cashiers. Rendering all those folks instantly obsolete threatens to throw 3.5 million folks onto the unemployment rolls.'

Data Security Problems are Yet to be Solved

'Amazon already has masses of consumer data thanks to Prime, Alexa, Kindle, Fire TV, Twitch, and other platforms hosted via Amazon Web Services. The addition of Amazon Go makes it an even more tempting target for hackers.'

Potential Competition

'No Local competition is in sight because Amazon has Go Grocery Stores running in 4 major cities. Opening 3000 stores by 2021 is not happening because there are only 27 at the moment'

Corning Should Still Keep an Eye on Go Geocery Stores



Job Market

Long-term higher demand for the engineers and computer scientists, higher-skilled occupations

Data Security

Amazon promises to build firewall and other necessary tools to protect data security, and take advantage of data to provide more accurate service to consumers

Local Competition

Other local geocery stores in Corning may bring in Go Geocery Stores and trigger the competition

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QUESTIONS

The background features a series of overlapping, wavy, organic shapes. On the left, there are shades of purple and magenta. On the right, there are shades of blue and teal. These shapes overlap in the center, creating a gradient of colors. The overall effect is a modern, abstract design.