

# Corning Retail Store

## Cashier less retail store analysis

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## Executive Summary

Overall Suggestion: Decline the offer



No enough capital for investment and unsuitable local conditions



Demographic information not matches the target consumer pattern



Low first-mover advantage

# SWOT Analysis of Amazon Go

- Cashier less - Convenience, maximizing square footage
- Empower employees on a different level - handle consumers' frustrations;
- Produce by unit - Easy to calculate;
- Personal purchase data tracking - Personal promotion, consumer flow, and in-store promotion
- Camera-based systems - Avoid frauds

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- Profitability - License and revenue sharing profit model - Avoid direct competition with traditional grocery retailing

Amazon Go has 21 stores in four locations: New York, Chicago, San Francisco, and Seattle, densely distributed in the prosperous business district.

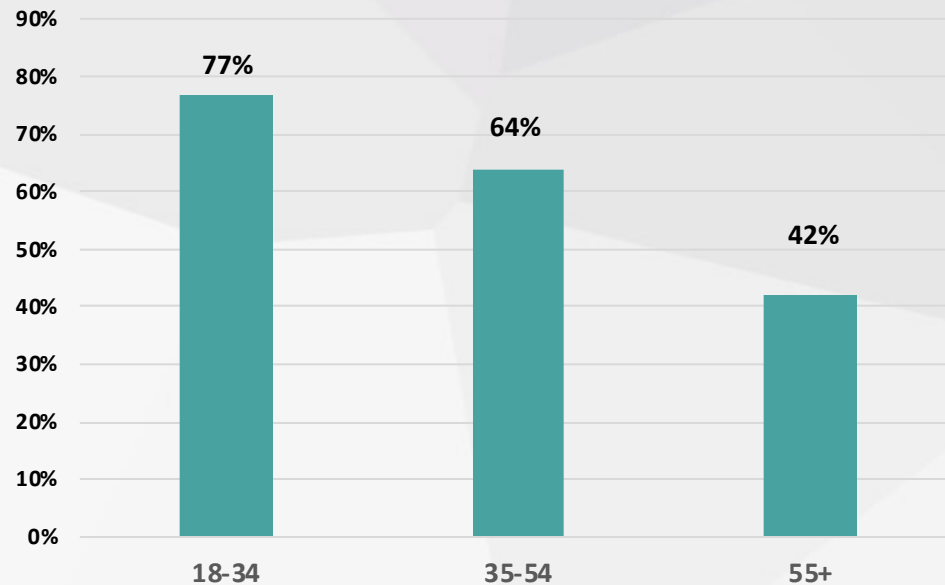
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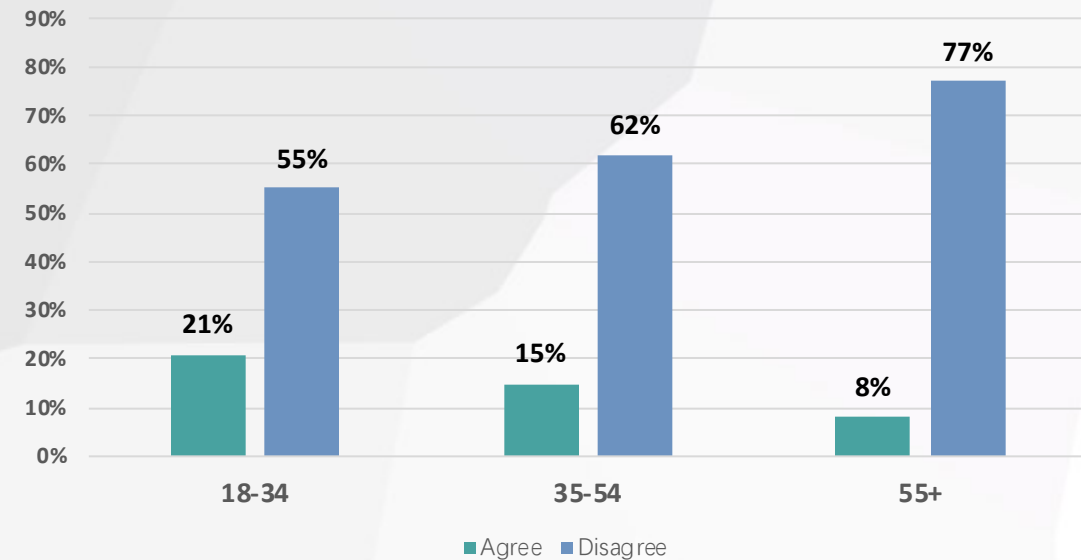
- Cashier less - Lacking personal communication experience
  - Consumer perception - low score for taste or quality of the freshly prepared food (3.76/5)
  - Profitability - Cost (average \$1M cost)
  - Repeat consumer rate - Low (44%)
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- Privacy and security - Personal information disclosure
  - Consumer behavior - Difference between regions

# People from age group of 18-34 are more likely to purchase at Amazon Go

Prefer to shop by having an Amazon Go Experience (age Group)



Prefer speed rather than price (age group)



## Persona

- Age: 18-34
- Tech-savvy
- Value shopping experience and convenience more than price
- High likely to be a loyal consumer of Amazon

## Corning – Company Lacks Capacity to Operate the Cashierless Supermarket

### 1. Break-even: 3.5 Years

Approximated Profit: \$284,404.85

$\$455,777 * 52 * 1.2\%$

$1M / \$284,404.85$

### 2. Initial investment high

Median Store Square Feet: 41,651 square feet

Average # of items carried in Supermarket: 33,055

a. Cut down current size and open new store : High opportunity cost and additional cost of new store

b. Keep current size: More than 1M investment cost

### 3. Grocery stores sparsely distributed

Population density: Lower end of median level (3,560 per sq)

## **Corning – First mover advantage is Low**

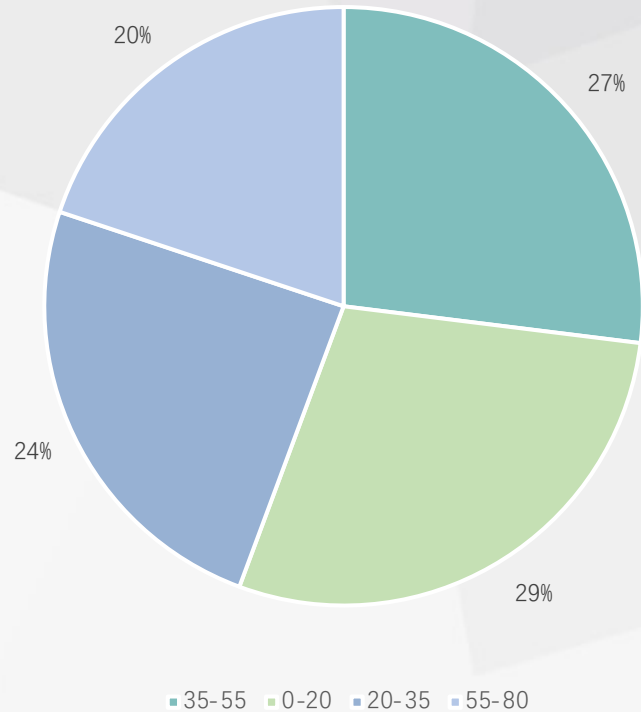
### **A. Be a first mover will not bring corresponding advantage.**

- Heavy investment
- No foreseeable higher profit gain than current business
- If Amazon Go enters later, we lacks technology and resources to compete.

### **B. Not to be a first mover will not influence the current business a lot.**

- No direct competition against current grocery stores.

# Major Customers in Corning Are Not the Potential Customers For Stores Like Amazon Go.



Percentage of Population in Corning, NY



## Generation X Persona

Age: 35-54

Income: \$39,750

## Generation X Characteristics

- **60%** use a smartphone on a daily basis
- Reacted positively to **5 of the 13** technology trends
- Provided a **negative feedback** to the AI tech.

**Major customers in Corning may not be the potential customers for stores like Amazon Go.**



## Recommendation

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