

# AMAZON FRESH 2017

Grocery: the final retail frontier – the assault has begun



# AMAZON FRESH 2017



Amazon's share price keeps on rising and some analysts now speculate that Bezos' aim is to create the first trillion dollar company in the world.

For this to happen the US\$800bn food sector finally needs to be cracked by Amazon and our latest report lays out how this will happen.

The shake up will be radical and leave many failed b&m retailers in its wake.

The strategy is to meet every distinct shopper need and mission with a dedicated Amazon business unit (from pantry to .com to dash, echo to subscribe & save to prime Now to Fresh).

Fresh is the jewel in the crown, with self selecting prime membership skewing to the premium end, the most valuable shopper to have.

FMCG and other retailers should remember that Amazon will leverage its platform and marketplace model and that the threat will not only come from 1P, but from the multitude of artisanal players (butchers, bakers etc) Amazon will recruit to its ecosystem.

Amazon knows their shoppers already - from their past purchases and their digital footprint and they know shoppers much, much better than the competition. For Amazon it is now simply a matter of upselling.

What can the rest of the industry do now?

# FEATURES



- Amazon grocery sales figures, Amazon Fresh figures and proprietary data
- Includes data points on Amazon Fresh basket sizes, spend, number of items ordered
- Online grocery sizes and forecasts for US, UK and DE
- Strategy insights and recommendations to the FMCG industry, retailers and suppliers over a ten year horizon, based on face to face conversations with AF executives, fresh food suppliers, 3p traders and logistics providers



# KEY QUESTIONS

## THE FUTURE

- Will AmazonFresh become the standard bearer for online grocery? After all, no one will be able to compete with the strength and depth in range, no one can compete with Prime...
- Currently, in many non food categories, Amazon is being used as a channel to introduce NPDs into bricks & mortar, will the same happen with FMCG products, once Fresh is more established?

## PRIVATE LABEL

- How important are Amazon's private labels? What future does Amazon's private label range have with Fresh? (By definition most fresh produce is private label of course...)
- Is Amazon copying Germany's hard discounters? With the store designs, the private label range? With the focus on cost and efficiencies and price leadership?

# KEY QUESTIONS

## STORES

- How successful will the stores be? Are they crucial or are they more about selling technology to other retailers? Will the drive thrus work as well in the USA as they do in France?
- Is a convenience store staffed with 3 people and robots feasible in 2017?
- What are the drawbacks of sensor fusion? How far along is image recognition to detect and identify brands on products correctly?

## AMAZON FRESH MANAGEMENT ISSUES

- How will the company manage tension between the various business models from .com to dash to prime Now?
- Will Fresh subsume the .com business? What will Pantry look like in 10 years time? Will Fresh mean the end for the quirky, small scale, health & wellness and organic niche brands on .com? Will Fresh become as sanitised as Pantry?
- Is Amazon too late for takeaways, considering the success of GrubHub and Just Eat? How could Fresh help Amazon connect with local food merchants? How big will the restaurant deliveries and meal kits through both prime Now and Amazon Fresh become?

# KEY QUESTIONS

## LOGISTICS

- How will Amazon reorganise inbound, as chilled deliveries ask for new process optimisation? Will suppliers have to pay for Amazon becoming more efficient?
- How will the company reorganise out bounding in the EU? Has Amazon given up on the US model with proprietary carriers? Is this the reason for the Flex launch? Could Amazon's Flex project be a nod towards an Uber-style grocery model?

# KEY QUESTIONS

## USA

- How much more do AmazonFresh shoppers shop on average per week than Amazon.com shoppers, how much more annually? How much more do they spend online than the average internet user?
- Which will be the killer category for Amazon going forward? What will be the biggest growth driver for the marketplace platform? Will both be found in Fresh?

## EUROPE

- Every retailer and brand shares shoppers with Amazon, but who is most under threat, when Fresh launches in the EU? Who will benefit?
- How price competitive is AmazonFresh in the UK?

# BENEFITS

- Understand how grocery will change forever, online and offline
- Learn about unique challenges and opportunities that AmazonFresh will face, understand how AmazonFresh will perform, what will change and why Fresh is so vital for Amazon
- Detailed recommendation for FMCG and retail players how to cooperate or compete
- Actionable insights and recommendations for FMCG, retailers and suppliers, understand where you should play



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