

# Scanning the environment



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Scanning the Environment Copyright This very brief is about an evaluation of the positioning of two major retail and grocery competitors. Amazon Grocery, a relative newcomer to the market, which commenced operations in May 2006, has an emphasis on the organic and health food related markets with an inventory of 15, 000 non-perishable items. About half of the previously mentioned inventory items for Amazon Grocery are organic and health food related items. The other retail competitor is Aldi's focuses on the highest quality food products at the lowest possible price. The evaluation note focuses on demographics and socio-cultural trends, advertising, strategy and image for the previously mentioned retailers and the strategy that a competitor should adopt.

#### Declaration

I certify that, except where cited in the text, this work is the result of research carried out by the author of this study.

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Name and Signature of Author

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This write - up is for an assessment of retail business environment.

#### Biographical Sketch

#### Acknowledgments

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Retailing of grocery items has been a competitive business for some time because a number of large retail chains, online stores and retail shops compete within the market. This means that it is important to try to position the retail brand right so that a maximum attraction for the grocery retail segments within the consumers is possible (Reynolds, 2004, Pp. 12 - 18).

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Brands tell a lot about price and this means that positioning brands to attract a certain type of customer to maximize profit is important in grocery retailing. Demographic trends for the US consumer suggests that the average consumer is more health and money conscious as a result of the prevailing economic uncertainty and they are only willing to pay a little extra for better fresh fruits and vegetables, food brands (Cook, 2008, Slides 1 - 25). However, quality and price are the most important considerations in selection of grocery items, but pesticide free items are only second in preference to fresh grocery items. Thus, organic products are second only to fresh quality products. In addition, the proportion of non - Hispanic Whites as a proportion of the total consumer is declining compared to an increase in the Hispanics and the Asians. Thus, retailers must consider the previously mentioned trends in efforts to position their retail brands.

Aldi, the global grocery retailer has tried to benefit from the willingness of the consumer to pay a little more for quality in positioning its brand (Aldi, 2009, " Grocery Selections"). However, Amazon Grocery appears to have tried to lure the customer by offering established middle-of-the range brands with an emphasis on saving for quality and a concern for the Asian and Hispanic consumers. However, both of the previously mentioned chains emphasize value for money. Although Aldi places an emphasis on foods and beverages, the Amazon store has tried to build up its grocery business from a mixed merchandise selection with an existing reputation and this is not something that is unusual in retailing (Zentes, 2007, Pp. 14). Promotion strategies do influence positioning (Zentas, 2007, Pp. 14 - 18). It will appear that although Amazon Grocery has tried to mint money out of its existing reputation and discount promotions, Aldi has tried opt-in email

advertisements, newspaper advertising and commercials together with prizes for customers to make its presence felt (Aldi, 2009, " Product Range") and (Amazon. com, 2009, " Grocery"). It is important to understand that Aldi is a brick a brick and mortar retailer with a web presence, but Amazon Groceries is an online retailer, which delivers to the door. Thus, both of the previous are not strictly in competition because Amazon serves consumers who are too busy to visit a store, but Aldi lures consumers to the store with attractive advertising and web image. However, Aldi looks more distinguished, but because it does not deliver to the home, Amazon competes.

It will appear that a diversification by our grocery store chain into online retailing with a quality image for the lowest possible price and an emphasis for the Non-Hispanic Whites, Asians and Hispanic consumers is likely to be a winning strategy.

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