

AMAZON STORES ORGANIZATIONS

10/18

The incredible growth of trillion-dollar Amazon.com over the last several years has had a far-reaching impact on a broad range of fields and interests including consumer behavior, web-related services, distribution, merchandising, marketing, technology, logistics, and warehousing, just to name a few.

Amazon's entry into the retail physical space has just begun and will undoubtedly evolve in the years ahead. These formats include Amazon Books, Amazon 4-star, Amazon Pop-Up, Amazon Go, in addition to their newly purchased Whole Foods. Intrigued, I visited two of their retail concepts in New York City.

In contrast to larger bookstores, **Amazon Books** averages just four thousand to five thousand square feet and carries three thousand titles in close to twenty locations. The Thirty-fourth Street store location was well laid out in terms of fixture flow, with open sight lines and logical signage. Interesting to note was the tightly curated mix of SKUs by category. For example, you won't find four hundred cookbooks, rather a quarter of that amount—but those most popular online. This wise move utilizes their database to maximize turnover of inventory at retail locations. The adjacencies of categories were sensible and made for an interesting journey around the store.



The same size in terms of square footage, the **Amazon 4-star** store in SoHo is a cross category mix of products sold on their website rated 4 stars and above. The flow of merchandise on the floor was confusing and product adjacencies odd, i.e., stationery, kids' items, pet toys, telephone accessories, etc. The number of SKUs per category was limited. While the concept for Amazon Books may work given its curated range of categories/titles, I think more refinement is required in assortment planning for Amazon 4-star to drive traffic and growth.

While off to an ambitious start, it's clear that Amazon has more work to do to ensure growth and profitability within some of their retail formats.





Informative links on Amazon's foray into retail:

<https://www.businessinsider.com/amazon-defies-retail-apocalypse-2017-9>

<https://www.amazon.com/amazon-books/b?ie=UTF8&node=13270229011>

<https://www.cnbc.com/2018/09/27/amazon-just-opened-its-4-star-store-in-new-york-heres-a-look.html>