

Amazon Echo/Alexa Technology Phase II

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Situation Analysis

Initially released in 2014, Amazon's Alexa technology has become a leader in the virtual assistant industry. With their large product line offering, Amazon has released Alexa enabled technology available for a wide range of consumer needs. Although facing increased competition in the marketplace, the Alexa technology accounts for roughly 72% of the market share highlighting their strength as a company. In addition to their control of the market, Alexa benefits from the overall brand recognition of Amazon, which portrays itself as being a leader in technology and innovation. Alexa's main technological weakness stems from their lack of smartphone integration, a feature that their competitors can capitalize on. Additionally, privacy concerns continue to be a weakness for all firms in the virtual assistant industry as consumers question where their data is being stored and the level to which it is protected. The greatest opportunity for Amazon's Alexa is the potential partnerships with various companies in order to integrate the technology into all aspects of the users home experience. In addition to these partnerships, Alexa has the opportunity to continue to create new and original products to stay ahead of their competition. As previously addressed, growing competition from firms such as Apple and Google present the largest threat to Alexa's success, especially with the growing popularity of virtual assistants. Additionally, continued privacy leaks and data hacks pose a threat to Alexa, as all of the data recorded by the enabled devices are stored in Amazon's cloud service technology. Through an understanding of the SWOT analysis, Amazon can effectively implement strategies that help grow the Alexa product line.

Multiple analyses were used to determine the positioning of the Alexa technology within the marketplace. Through the strategy canvas, it is evident that Amazon remains the leader in the industry, scoring at or above the competition on all factors. Furthermore, through the 5C analysis the importance of partnerships and innovation is seen as it helps differentiate Amazon's Alexa from its competitors. Finally, through the Porters five force framework, Amazon's position within the virtual assistant industry was analyzed. Through this completed framework it can be understood that despite growing competition, both supplier and buyer power is low within the industry, strengthening the company as a whole. Ultimately, through a detailed analysis of both the internal and external environments, it can be determined that the Alexa technology, including the Echo product line, are in the maturity segments of the product life cycle. In order to maintain their competitive advantage over firms such as Google and Apple they must continue to partner with companies to integrate their technology in a wide range of devices while continuing to innovate and create new products that fit the needs of their consumers.

II. Strategy Analysis

Amazon competes in a market where having a grasp on competitors strategies and the knowledge of the market as a whole is key to being successful. Amazon Echo controls up to 70% of the market share in the voice-controlled speaker market. The market itself is segmented by the products based on the features that they have since many are similar, but what makes a product stand out is the unique features. Consumers are constantly demanding benefits from the products that will make them feel that the product was worth it and that creates value for the companies. The target consumer in this market the younger generations who are tech savvy. Geographically these devices are sold in North America Europe and the Asian Pacific region. The socioeconomic characteristics for consumers prove to be majority middle and upper class who have the disposable income to purchase a device that may not be viewed as a household essential

to others. Alexa's software's strategy does vary from the competitors, giving them a competitive advantage. Echo was the first of its kind in the market to enter consumers homes, giving them a first mover advantage and increased brand awareness. Echo is also backed by one of the largest and most successful modern companies in the world. Amazon generally targets North America, since the majority of their sales come from that region. Psychographically Amazon targets the consumers who live busy lifestyles who need quick on the go information and products that are easy to use, with helpful features. Socioeconomically the Amazon Alexa products are affordable ranging from \$49.99 to \$229.99, which is a broad wide range to hit for consumer price ranges and is actually one of the cheaper options compared to competitors. In each of these segments Amazon is trying mainly focus on the psychographic segment because if they can attract a consumer based on lifestyle they will be able to sell multiple products of the Alexa line to the same customer and form a long lasting relationship. Amazon is using an aggressive strategy to push sales of Alexa enabled products and is working on competing with Google's similar product that is better at compiling broader and more sophisticated information.

III. Objectives

Our first objective for the Amazon and their Alexa software would be to continue to partner with various other companies. Alexa has been dominating the smart home category and they can continue to do so if they focus on these specific collaborations. First, Alexa and Sonos home speakers have come together and integrated Alexa in their own "home pod" however, individuals have Sonos speakers throughout their whole homes in the floors, ceilings, walls, etc. If Alexa were able to pair with these specific speakers that are almost invisible to the eye, this will revolutionize what we consumers perceive a "smart home" to be. Another partnership we found that would be useful for Alexa takes place in the Bluetooth Headphone Industry, disregarding Apple products. Bluetooth headphones allows for a wireless calling, texting, music, etc. When using the bluetooth headphones, all the controls are on your phone, but, if Alexa were to be integrated into the headphones, all controls could be done over voice commands. Lastly, companies such as BMW, MINI, Ford, Toyota, Lexus and Volkswagen, have started to integrate Alexa into their cars. A major objective for Amazon's Alexa would be to pair with more companies to then dominate the "smart car" industry.

Although these are just some of the ideas that would be beneficial for Alexa, there are numerous amounts of collaborations that would help Alexa dominate the voice command industry.

The second objective for Alexa is to increase awareness of specific products and product lines. When researching where Alexa is already integrated, reading the list brings consumers to surprise. Consumers have an acute sense for other products other than Amazons line of home pods. Increasing awareness for the other products will help with integrating Alexa into everyday routines.

The third objective is to develop the Alexa software further. Alexa is dominating the industry but has potential to become smarter than she is. The more information that Alexa can handle, the more people are going to want Alexa integrated in their lives. One thing that we do not see in today's smart world is a software that has personability to get to consumers specifically. If Alexa was built into an entire home, there should be a way for Alexa to know family members, reminders, things that need to be done around the house, etc. This information is personalized to each home's Alexa software and cannot be released elsewhere. Lastly, in the

development of the Alexa software, fixing the current app issues in their android phones would be extremely beneficial. The reviews and ratings now are very low, meaning, there is a lot of room for improvement. Getting these rating up will help with brand identity and consumer loyalty.

IV. Strategy Development

Targeting strategy:

In order to maintain their high market share and bring the Alexa technology to as many homes as possible they need to maintain their current customers and expand their target market. To expand their customer base, they should emphasize a newly fixed iOS and Android app to encourage people to have the Alexa software without needing to buy a new piece of hardware. This could attract customers who may be skeptical of the technology or hesitant to make the purchase.. Additionally, they could target consumers who may not be as tech-savvy but still have the lifestyle congruent to those they already target. These customers tend to be older and some have disposable income. Therefore they could afford multiple Alexa products

Promotion Strategy/Mix:

An integrated marketing plan would be needed to effectively reach Alexa's target market.. For the app-based customer, social media would be a strong start. Using ads on Facebook, Twitter, and Instagram would be useful because the customer would already be on their phone when they see the ad, therefore making them more inclined to act on the ad. Regarding those who are older and less tech-savvy, Amazon should release a series of television ads showing how easy it is to set up and use. Finally, for the skeptics, creating online ads inform potential consumers about the products would be the most successful.

Pricing Strategy:

Amazon currently has Alexa available in several Echo products. These products range from the Echo Dot priced at \$49.99 to the Echo Show priced at \$229.99. The varied price points allure customers from varying economic backgrounds. They have been heavily pushing this strategy for that reason. It has so far succeeded for Amazon in getting not only hardware into homes but the Alexa technology. Also they have partnerships with a long list of different products all with their different price points which contributes to the strategy of getting as many differently priced customers as possible.

Distribution Strategy:

Although there are some physical Amazon bookstores scattered across the US which heavily promote products with Alexa it is a small percentage of Alexa's total sales. Due to their massive online dominance, using their shipping distribution network would be the most efficient mode of distributing their Alexa technology and accompanying hardware. In regards to distributing the Alexa technology by itself, fixing the currently unsuccessful iOS and Android apps would be the most effective way to distribute the Alexa software. The technology being able to work effectively on an app and easily sync with other Alexa products would be a huge draw for the tech savvy and non-tech savvy alike.

V. Implementation

Amazon will use an implementation by organizational culture approach while going through this marketing and growth strategy. While this approach can be risky for many firms, Amazon is perfectly situated to implement this strategy due to their corporate reliance on innovation and teamwork. Amazon has, from its start, fostered an innovative and team-oriented culture. Similar to other technology companies, Amazon is not afraid to be misunderstood. This is the key to their implementation of these objectives. Completely integrating this technology into every phase of the home is something the majority of consumers will not understand. It is up to Amazon to educate the consumer base and prove to them that this is the future of the home.

Amazon is most likely to face difficulties in implementation due to outside changes and developments in technology and competitors rapid growth. The smart home trend is highly competitive and Amazon needs to constantly evaluate where they stand within their marketing strategy to ensure it is on the path to success. To combat issues that may arise, Amazon will hold weekly meetings to discuss the process and determine the next steps. With all hope, the strategy will carry on as planned; however, with this structure in place, Amazon will be able to address any issues that arise. While the team working on the implementation of this strategy will be a diverse group from all aspects of the office, its primary focus will rest on the technology experts and industry analysts. These are the people that will most successfully identify issues that may arise.

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