The Amazon Echo

Advertising Strategy
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Group 2

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Cover Letter

AMAZON.COM, Inc.
ATTN: Mr. Jeffrey P. Bezos, Chairman
President and CEO
410 Terry Ave N
Seattle, WA 98109-5210

Dear Mr. Bezos,

Greetings from the University of Florida in Gainesville, Florida, and the undergraduate class in Advertising Strategy! In January 2016, our course instructor presented her class with the challenge of proposing a plan for building share for the Amazon Echo in the interactive personal assistant (IPA) industry. At the time, the majority of us knew little about the product, but over time we have become more knowledgeable about its capability and potential.

We have dedicated the spring 2016 term in serious consideration of strategic directions the Amazon Echo brand could pursue. Our suggestions are focused on taking better advantage of the strong brand power and consumer trust in Amazon to drive sales of the Echo and help Amazon grow their market share within the IPA category. In addition, we included suggestions for a promotional strategy we hope you will consider implementing for the Echo.

As professionals-in-training, we are proud of the strategic directions proposed in the plan and believe that they have potential more building momentum for the marketing and promotion of the Amazon Echo and its family of products. Thank you for giving us the audience to share our insights with you. If you or your team would like to discuss any of the ideas included in the plans book in more detail, Dr. Cynthia Morton (cmorton@ufl.edu) in the UF Department of Advertising will facilitate the arrangements.

Sincerely,

Kara Braun
Alex Carter
Riley Collins
Maxwell Sanders
Bryana Tianga
Executive Summary

Our client, Amazon, is looking to grow their market share in the Intelligent Personal Assistant industry through increased sales of the Amazon Echo. Our team, the RK-BAM Group, was assigned with designing a strategy campaign and creative brief for the Amazon Echo to accomplish that goal. We began our strategy by conducting extensive secondary research for Amazon. This secondary research included analysis of the company Amazon itself, the IPA industry and its characteristics as a whole, the product/brand components of the Echo, competitors of the Echo, consumer behaviors and habits and the environment surrounding the Echo. Following our secondary research, we used those findings to create a list of observed problems and opportunities for Amazon. After compiling that list, we recommended that Amazon take better advantage of the already-existing strong brand power of Amazon to position itself to a narrower target market and in turn drive sales of the Echo. Within that recommendation, we suggested Amazon continue its integration with outside companies such as Uber and Spotify to give the Echo an even greater competitive advantage over other IPAs. After solidifying our problems and opportunities and conducting further research, we compiled a list of strategic marketing objectives and constructed a target market profile based on the information we had gathered. Our proposed target market consists of 25-50 year old working professionals in the middle to upper class who are tech-savvy individuals and efficiency seekers. After establishing the target market profile, we
created two positioning statements aimed towards the target market and chose the alternative we felt best suited our objectives. Following our positioning statement, we created communications objectives and an integrated marketing communications strategy to complement those objectives. We detailed a list of promotional tactics that we suggested Amazon implement as part of a successful campaign. We then wrapped up our media strategy by explaining how we would evaluate and measure the effectiveness of our media tactics. In conclusion, we completed a creative brief to summarize the highlights of our proposed campaign that we feel would have great success in accomplishing Amazon’s goal of increasing market share in the IPA category.
Problem Statement

Our client, Amazon, has recently entered the intelligent personal assistant (IPA) industry with the release of the Amazon Echo. While Amazon has already established itself as a market leader in the online retail industry, it is trying to expand its market share within the IPA category. In order to become a more competitive brand in this industry, Amazon needs to develop and differentiate the Echo from the other competitive products in its category, such as Apple’s Siri, Microsoft’s Cortana and Google’s Google Now. The goal is for Amazon to utilize its brand power to expand into the IPA market while maintaining loyalty to its company values, customers and overall business plan.
Situation Analysis

Industry Analysis

The Amazon Echo falls into the industry of digital assistants that is still evolving to this date. From the digitization of the calendar on the original Personal Digital Assistant (PDA) came the trend of an artificially intelligent digital assistant that keeps track of more than just a calendar with the use of IPA technology. The Intelligent Personal Assistant (IPA) technology that the Echo utilizes is made up by combining artificial intelligence, user input, localization capabilities, and a connection to the Internet to carry out services for individuals.

IPA technology started as a trend that evolved over time into an expected product feature with new personal technology that is brought to the general public. The electronics industry concerning IPA showed 1.4 percent growth in 2014 reaching a value of $95,553.8 million (MarketLine, 2015). This growth rate is expected to increase to 19.3% by 2019 as the industry has yet to reach the mature phase of the industry's life cycle. This growth rate reflects the importance of IPA software presence in consumer technology in regards to product innovation and differentiation in the rapidly growing market. The top industry players are Apple Inc., Google Inc., and Microsoft Co. with their IPA’s Siri, Google Now, and Cortana, respectively. These three companies and Amazon are competing along the same geographic level with a strong international reach. The market that these four companies share in regards to their IPA’s is one that is currently undergoing growth.
and establishing itself as a separate entity from the smartphone/tablet/computer market.

Siri’s parent company Apple Inc. boasts the best brand name recognition of the four as it has made its way into everyday vernacular and has become a part of everyday interactions. A few factors that contribute to this success include the extensive product lines that feature Siri as well as brand loyalty. Siri is also considered to be entering the maturation stage of the product life cycle as “she” has been on the market the longest and is used by the vast amount of Apple product owners, also making her the most advanced player in IPA technology. Google Now, the IPA under Google Inc. has the ability to be used across several platforms which makes it one step ahead of the IPA trend of creating a ubiquitous experience for the user. While being hosted by the parent company of Alphabet Inc. the attention drawn to Google Now is less than Siri but more than Cortana and Alexa. Cortana, the built in artificial interface in new Microsoft Windows operating systems, falls towards the end of the top three industry players from the simple fact that “she” is distributed by a major operating system. The main difference between Cortana and the other IPA interfaces is that she takes the information the user gives her and creates a database of preferences.

The Amazon Echo is currently the first IPA to be its own standalone product (speaker) that is attempting to find a niche as a hands free household accessory. This product differentiation gives it a competitive advantage as it attempts to create
consumer awareness as well as aid the transition into home automation (Technologytell, 2016).

**Company Analysis**

Amazon has been making history since the mid-1990s, when founder and CEO Jeff Bezos decided it was time to revolutionize the way people shopped and read books. Amazon headquarters began operating from Bezos’ garage in 1995, where he sold the company’s first book: Fluid Concepts & Creative Analogies by Douglas Hofstadter (Amazon, 2014). The company’s mission statement on their website reads “our vision is to be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.” Jeff Bezos consistently refers to the mission statement and uses it as a guideline when making many of the business decisions for the company. Amazon has based its leadership principles on working hard, as they describe its community as a group of pioneers who are “continually raising the bar and driving their teams to deliver high-quality products, services and processes” (Amazon, 2014).

By the end of 1995, Amazon had shipped orders to all 50 U.S. states and 45 countries worldwide, and continued to expand rapidly as a company. In the same year, the number of people who used the Internet was roughly 16 million (Wasserman, 2012). At the age of 31, Bezos already understood the power of the Internet, its impact on consumer behavior and how important it was to appeal to a mass audience of consumers. Today, more than 1.7 billion people connect daily to
the Internet and roughly one out of every four humans on the planet have access to online media streaming (Wasserman, 2012).

As an entrepreneur and innovator, Jeff Bezos understood two fundamental concepts. The first one being that the Internet made it possible to reach an audience far greater than the audience store retailing could reach. Geography was not an issue when an Internet connection and a computer made it possible for anyone in the world to purchase an item from the comfort of their home, an advantage that an in-store location could never encompass. The second concept Bezos understood was how the Internet allowed merchants to better categorize individual customers through their shopping habits.

By the year 1999, Amazon had served ten million clients. In December of that year, Jeff Bezos was chosen as Time magazine's “Person of the Year” (Amazon, 2014). The beginning of the 21st century marked a time in which Amazon would expand its capabilities by introducing the Kindle Fire and Kindle Touch 3G. In 2002, it launched Amazon.ca in Canada, followed by the introduction of the well-known Amazon Prime in 2005, which allowed customers to receive free express shipping by subscribing to the program.

Two years after the new program was introduced to its clients, Amazon Prime went international, becoming available in Japan, Germany and the United Kingdom, as well as the United States. Amazon had now established itself as a leader in the ecommerce world, and in
2013 President Obama confirmed that when he visited the Amazon Center in Tennessee to praise Amazon as “a great example of what’s possible” (Amazon, 2014). In 2014, Amazon launched a set of new devices including the Fire TV, Fire TV Stick and Fire Phone to compete more closely with companies such as Apple and Google. The latest major technology product to be released by Amazon is the Amazon Echo – a revolutionary artificially intelligent personal assistant (IPA) released in 2014, launching Amazon into the digital voice assistant industry.

The extensive variety of services, products and programs that Amazon offers to its consumers have contributed to Amazon being a market leader in the online retail industry in several major categories across the board. In the last quarter of 2015, the stock market value for Amazon rose 2.6% and surpassed Wal-mart, its biggest competitor, whose stock market value declined 0.42% over the same period (Hoovers, 2015). In addition, while exact market share numbers are unavailable, Amazon proved to have the largest revenue growth in 2015 as well. Amazon's 20.26% revenue growth for the 12-month period exceeds that of its competitors, as Wal-mart saw a 0.05% growth and Apple saw a 17.68% growth (Hoovers, 2015). Lastly, while Wal-mart exceeds Amazon's overall company sales for 2015 with $485.65 billion, they had only just over $1 billion in online sales, compared to Amazon’s $107.01 billion (Hoovers, 2015). However, Jet.com is a subscription-based online wholesaler that is on the rise and will soon begin taking market share away from Amazon as the company plans to have 15 million paying members by 2020 (Tuttle, 2015).
Amazon has emerged as the largest e-commerce website in the United States that imports and exports goods all around the world (Bollinger, 2015). The company’s focus is customer service and customer satisfaction, with distribution locations in 28 states in the U.S. alone, allowing Amazon to stay loyal to their promised quick shipping and delivery times (Amazon, 2014). In addition, Amazon continues to build upon the variety of products and services they offer. The company has now introduced an e-storefront platform, which allows people and companies to sell their products through Amazon’s website, as well as entertainment content like e-books, music streaming, movies, TV shows and their own app store. The kind of products they provide ranges from general goods such as batteries and workout equipment to mobile phones and tablets, and even has branched into the grocery category in recent years.

The current U.S. headquarters for Amazon consists of 14 buildings located in Seattle, Washington. The majority of all Amazon operations are conducted online, but they have established hundreds of fulfillment centers across the nation in addition to the 28 U.S. distribution locations. These centers provide warehousing for products and order-fulfillment operations for third-party sellers. Each warehouse has hundreds of employees that are responsible for tasks such as unpacking and inspecting goods, placing goods in storage and recording their location and using computer recorded locations to package and prepare products for shipping (Amazon, 2014).
Being an online-only retailer, Amazon has only a fraction of the number of employees that many of its competitors have. However, the success that Amazon has had as a company begins with just a small handful of personnel that work closely with CEO Jeff Bezo. Bezos's right-hand man is Vice President Brian T. Olsavsky. He has been serving as VP, Finance and CFO for the Global Consumer business since 2014, which requires him to oversee Amazon's overall financial activities (ex: controllership, tax, treasury, analysis, investor relations, internal audit and financial operations). Additionally, he oversees the finance team supporting Amazon.com websites, merchant platforms, and fulfillment operations and subsidiaries (Bloomberg.com, 2016). Other notable personnel include Rich Williams (Executive Vice President), Les Kruger (Marketing Director), Andrew Dickinson (Brand Director) and Jean-Luc Nahon (Director, Marketing Automation and Global Brand Marketing) (Amazon, 2015).

**Product/Brand Analysis**

In a time when technology is advancing so rapidly, it's no surprise that Amazon has come out with its new digital voice assistant, the Amazon Echo. Amazon is looking to position the Echo as an all-around personal assistant that can be incorporated into all aspects of the user's life, and is more comparable to a household appliance than a typical smartphone accessory. The Echo is a step toward a time when electronics can complete any task for us at the click of a button (or in the Echo's case, the call of a name). The Amazon Echo is a sleek black cylindrical
A speaker that stands 9.25 inches tall. It is advertised to answer to “Alexa”, “Amazon”, or “Echo” from anywhere in a room. Amazon has created a free companion app that allows its users to connect their smartphone to the Echo and make their experience even more convenient (Amazon, 2016).

The Echo can play music, report traffic and weather, give information on nearby businesses, access Google calendar, create lists, control lights, provide sports scores, order pizza, and even request an Uber. The Echo uses noise-cancelling technology to be able to hear its name being called even while it plays music.

Amazon.com is selling the Echo for $179.99, and it is also being sold by over 3,000 retail locations such as Toys R Us, QVC, Sears, and Staples. Amazon has also recently added the Dot and Tap to its list of Alexa-enabled devices (Amazon, 2016).

As for the Amazon’s marketing strategy, it has used the Internet for most of the promotion of the Echo, releasing a video of the Amazon Echo being used by a suburban family, demonstrating its features and capabilities, and during the 2016 Super Bowl, Amazon paid an estimated $8 million for a one-minute commercial.

**Competitive Analysis**

According to the Wall Street Journal, “Alexa is Amazon.com’s answer to Apple’s Siri, Google Now and Microsoft’s Cortana, which all come standard with different smartphones” (2016). The Amazon Echo’s direct competitors are other devices within the IPA category including Apple’s Siri, Google’s Google Now, and
Microsoft’s Cortana. While the market is still rapidly expanding, the Echo’s biggest threat can be narrowed down to Apple’s Siri.

Amazon Echo’s greatest direct competitor is Apple Inc. with Siri, an IPA that answers to voice-activated commands, controls numerous Apple devices and assists with the usage of various apps with a touch of a button that has been included in every iPhone iteration since the iPhone 4s. Released in October 2011, Siri became an integral part in several iPhone users day-today lives. Siri made such an impact that during Spring 2015 Commencement at the University of Florida, President Kent Fuchs awarded 'her' an honorary Bachelor of Arts in Humanity. She excels in understanding various languages and is connected to other Apple products. AP’s Big Story states "the new Apple TV could serve as a hub for Siri to control lamps, thermostats and other "smart" appliances, using Apple's HomeKit technology" (2015).

Apple TV requires remote activation in which the user must use a physical remote or phone application in order to control the program. With the remote, Siri is able to perform close to all of the actions Alexa is able to perform. The difference between Apple TV users and Echo users is requests physically take place on a screen for Apple users while the Amazon Echo uses a Bluetooth connection with an application on a device.

While they are not from large parent companies like Google or Apple, there are other competitors that are already in the smart home IPA. Ivey Voice and LG’s SmartThinQ Hub are both targeting the software problems that the Amazon Echo
failed to include. For example, multi-room support and contacting emergency services are both features that are being advertised as being available when the Ivey Voice is available for purchase.

**Consumer Analysis**

Based upon an analysis of the data, individuals aged 35-50 in the upper middle class that are adaptable to new technologies should be the focus in the Echo’s positioning. These demographics are enforced based upon Amazon’s previous relationship to this segment of consumers.

According to comScore, 62% of Prime buyers are age 40 and older (Smith, 2015). At the same time, 75% of Non-Prime buyers are 30 or older. The chart of this data is illustrated above. Alongside the age data is the HHI, which indicates that most of Amazon’s customers reside in the upper-middle class. According to the Shullman Research Center, the average HHI of customers is $89,000, while the national average is $71,000 (MarketingCharts, 2013).

In the most recent Super Bowl, Amazon aired a one-minute ad that promoted the new Amazon Echo with its capabilities within a party setting. Because the best potential demographic is age 35 and above, the celebrities chosen in the ad seemed to fit well. Alec Baldwin, Dan Marino, and Missy Elliott are all celebrities that were relevant during the 90s and early 2000s that the older age demographic can relate to. However, the variety of celebrities showed an inability for Amazon to define their target audience within the 35 and older demographic.
Amazon has the #1 perceived brand according to brand indexes since 2013. Amazon has an impeccable reputation and should utilize this information in the branding of the Echo (YouGovBrandIndex, 2015). The task for Amazon Echo is to link itself as both a ecommerce distributor and a technology development company. The Echo can serve as a smart eco-system that gives control over the digital platforms such as cars, computers, appliances, home fixtures, and other devices, while at the same time connecting to Amazon’s online abilities of allowing easy purchases. This is an attractive option to those trying to simplify their daily routines. The people associated with this attempt at simplification would be working professionals that want to optimize their downtime.

As more consumers possess smartphones the Echo’s ability to reach more markets becomes a reality. There are 1.6 billion smartphones worldwide, which is expected to grow to 1.9 billion by 2020 (Luk, 2015). This is important because smartphones are crucial in the daily lives of consumers, and need to have synchronization with the Echo.

**Macro-Environmental Analysis**

**Legal**

Under section 102 of the Copyright Act, names, titles, phrases, and expressions are not protected, which includes the name “Amazon Echo.” This is also prevents Amazon from copyrighting the Amazon Echo as a talking device (copyright.gov, 2015). Only original authorship of ideas, like the product itself,
including its shape and features of the Echo, are protected. The terms and conditions of use for consumers is issued by Amazon Digital Service LLC, and whose service legal agreement requires users to have a wireless internet connection, that users control the Amazon Echo with human speech, and that the Amazon Echo is to be referred to as Alexa. Additionally, Amazon reserves the right to change, suspend, and discontinue any Echo software or hardware parts without notifying the user, as well as terminate a user’s right to use the product if they violate the terms and conditions. In regard to disputes and binding arbitration, “any dispute or claim arising from or relating to this Agreement, and Amazon Echo, or the Echo Software is subject to the binding arbitration, governing law, disclaimer of warranties, limitation of liability, and all other terms in the Amazon.com Conditions of Use.” (Amazon terms and conditions, 2016).

Amazon so far has filed against 1,114 individuals for posting false product reviews or false words that which are claimed to be harming their business and undermining the trust and credibility of the company (Tuttle, 2015). In October of 2015, a lawsuit was filed against Amazon in regard to whether on-demand delivery workers are employees of Amazon or independent contractors (Besinger, 2015). In December of 2013, a class action lawsuit was filed against Amazon by several publishing companies over the prices of eBooks offered for Kindle devices (Amazon “Information for eBooks Antitrust Settlement,” 2013).
Economic

In the U.S., GDP has rose 2.5% since the beginning of 2016, while business spending is up from going into 2016. These figures, combined with falling unemployment rates and gas prices, could point to increasing consumer spending (Kiplinger’s Economic Outlooks, 2016). By expanding into the personal assistant category, Amazon is facing strong competition with Apple’s Siri and Android’s Cortana, which are voice assistants featured on cellphones and tablet devices. However, with Amazon’s unveiling of their Software Development Kit, developers now have the freedom to create new services based around human speech technologies. This $100 million investment fund, known as the Alexa Fund, is giving developers, manufacturers, and start-ups the resources to create these innovative ideas (Ciaccia, 2015).

To be unveiled at a later date, the Amazon “Fox” will be a smaller and more portable model of the Echo to be offered at a lower price, but with less of Echo’s features. One of the Echo’s more notable features is the music streaming service Spotify, who is the global market leader in music streaming, and is a direct competitor of rival Apple’s music services (Lunden, 2016).

Social

The current social atmosphere in the United States supports the use of integrated, smart technology that is rapidly changing and evolving in ways we never imagined. Growing social norms among Americans today that invite this kind of
technological innovation that the Amazon Echo has to offer include self-isolation, instant gratification, and rapid adoption of new technology. An increasing number of Americans are using technology as a buffer against the outside world from the comfort of their own home or residence. Technology allows people to limit their face-to-face social interaction with others as it provides a means for entertainment and the sharing of ideas digitally, as well as through the automation of services. Consumers are capable of making more connections with others through technology than ever before, but are at the same time more isolated (Hampton, 2009).

Another common theme is the idea of having everything one desires all in one place, or all-in-one. Cell Phones contain an app for just about anything, and large companies like Apple with cellphones, tablets, computers, and watches, are diversifying and extending their portfolios into more product lines. This makes it easier to see a brand as a one-stop-shop for all your needs as a consumer (Goodson, 2012).

Lastly, the theme of instant gratification, especially among millennials as the one-clickaway generation, gives the Amazon Echo a special appeal. It is possible to now tap-to-pay to make purchases, and to receive news, entertainment, and other communications anywhere via satellite. Time shifting and on-demand let’s Americans consume content whenever it is convenient for them. Shipping services like UPS and FedEx, soon drone technology, allow consumers to receive these products that satisfy their needs in within a day (bostonglobe.com, Muther, 2013). America’s fascination with artificial intelligence, and how it is capable of learning
and making decisions on its own, makes Americans open to its continued evolution, with the latest innovation being the Amazon Echo (“From Science Fiction...,” 2016).

**Political**

Amazon Echo is the next step in technology that is more integrated in our personal lives and in our own home. There are consumer concerns with privacy issues about data that it collected about them while using Amazon services (Carroll, 2015). Consumers may be hesitant to purchase the Echo due to questioning whether it is an invasion of privacy. (inquisitr.com, Croto, 2014). Amazon received some negative publicity because of their claims that the Echo does not invade privacy or eavesdrop, yet the Echo is always listening for cue words (Heyes, 2015).

Information collected from the Amazon Echo is not anonymous due to it being linked to a specific Amazon account holder. The amount of time the information is stored is unknown, but by comparison Apple’s Siri stores information for up to two years; however, after six months the audio is disconnected from the account holder username (McMillan, 2013). Information is used for improving the way Echo understands you, making less mistakes when interpreting your voice. It is capable of recording your playlists, music, titles, radio stations, and ZIP code for unconfirmed “third party services.” (Davies, 2014). Additionally, it can record snippets of conversation a second before and during the request processing, and there is no way to prevent the Echo from recording audio (Carroll, 2015). One way to get around this by physically pressing the mute button on the top of the Echo to shut off the voice activated trigger system (Davies, 2014).
Technological

The Echo is compatible with music streaming services across all platforms, including the most recent addition of Spotify, but excludes iTunes and Apple Music. However, the Echo can play music from the iTunes library from a separate device that is connected via Bluetooth. Through the cloud, Amazon can remotely upgrade the Echo with new features and voice commands. Other third-party applications such as WeMo, Philips Hue, Samsung, SmartThings, Wink, Insteon, and others are capable of integrating the Echo into your home by adjusting lights and switches (Davies, 2014). Amazon is even bringing this integration to the automotive industry when they introduced their collaboration with Ford Automotive to let you control your house from your car at the CES 2016 in Las Vegas (Goodwin, 2016). For the younger demographic of college students, Amazon with also partnering with Domino’s Pizza and Uber to let you order their services just by asking the Echo (Eadicicco, 2016).

Market Analysis

A trend towards cloud-based processing combined with technological products that can perform tasks on command gives the Amazon Echo a unique opportunity. The Echo can capitalize on increased interest of artificial intelligence and voice recognition software, increased use of streaming music services, and increased desire for hands-free technological products (Horrigan, 2008). In spring of 2014, the electronics audio equipment and accessories industry can be a good indicator of
sales for the Amazon Echo, which Amazon considers to be in the home audio
speaker category. For this category, both men and women have shown about the
same likeliness of owning electronic audio equipment. By region, U.S. census data
has shown that out of people in the Midwest region, 50.8% of households own
electronic audio equipment, which is the highest percentage just above the
North East at 50.3%. In regard to income, of households that earn $150,000 or more,
66.5% own electronic audio equipment (MRI handout).
Problems and Opportunities Analysis

Problems

1. Privacy concerns over how much information is actually collected by the Echo and how that information is stored; trust issues for those consumers who aren't technologically savvy and are new adopters of products in the IPA category.

2. Inability to pinpoint target market has led to inefficient advertising and product awareness for the Echo, which was apparent by their inability to reach any specific segment in their Super Bowl ad.

3. The Echo is compatible with all other music streaming platforms except for iTunes and Apple Music, potentially eliminating a large segment of the market that consistently uses those platforms.

4. Customers can only unlock all of the Echo’s capabilities if they are Amazon Prime members, prohibiting non-Prime users from experiencing the benefits of the Echo in full.

5. There is strict competition within the digital voice assistant industry from companies like Apple with Siri, Microsoft with Cortana and Google with Google Now. Additionally, Amazon is facing direct competition from tech companies LG and Ivey with their SmartThinQ and Ivey Voice products, which are smart home devices just like the Echo. Also, Google reportedly has
their own in-home digital assistant in the works, presenting a formidable competitor to the Echo.

6. Amazon is often viewed solely as an e-commerce company rather than a technology development company, which can make it difficult for some consumers to trust Amazon’s new family of products in a product category that is outside the bounds of the Kindle and Amazon Fire TV.

**Opportunities**

1. Utilizing Amazon’s existing brand power and image as a trustworthy and reliable company, their reputation as being innovative, and their ability to disrupt markets with new products/services to push sales of the Echo and its family products.

2. Increased interest in, and acceptance of, artificial intelligence (AI) technology, voice recognition software and cloud-based processing applications; this has given the Amazon Echo a more favorable and welcoming reception as a unique product that is a culmination of all three.

3. Continued investment in integrating with outside companies like Uber, Samsung, Ford and Domino’s makes the Echo more of a “do all” product in comparison to other IPA’s.

4. Integrating the Echo with more in-home devices such as garage doors, electronics, appliances, etc. to remain competitive with other smart home devices entering the market.
5. Developing brand loyalty through synchronization of products and services that Amazon offers (Amazon Echo, Amazon Prime, Prime Music streaming, Fire TV, etc.) to compete with other technology companies, such as Apple and Microsoft, who offer the same synchronization abilities across their platforms.

6. Taking advantage of the fact that the Echo is the first of its kind among major tech competitors to be a standalone speaker.
Opportunities Recommendation

In order for Amazon to grow its market share within the intelligent personal assistant category, we recommend that the company take better advantage of the already-existing strong brand power of Amazon to position itself to a narrower target market and drive sales of the Echo. Based on our situation analysis, there are opportunities that Amazon could capitalize on to give them this edge over competitors.

For Amazon to emerge as a primary player in the IPA category, we recommend that the company continue to integrate with exclusive outside companies to make the Echo a unique “do-all” product. By partnering with companies like Uber, Spotify and Domino’s, who already are established brands within a younger population of users, Amazon has a large opportunity to further engage with a younger, tech-savvy market and position the Echo to this segment. Amazon’s huge customer base and brand power attracts the attention of outside companies and creates the opportunity for both parties to mutually benefit from a partnership.

While utilizing their brand power to integrate with outside companies creates a great opportunity for Amazon to position the Echo to the millennial and younger baby boomer market, there are risks that come with this strategy. These risks include alienating potential users of the Echo that use competing services to the services Amazon chooses to partner with.
Marketing Objectives

1. To increase sales by 20% within a year of the campaign’s launch.
2. To increase market share by 5% in the IPA market by the end of the fiscal year.
3. To increase Amazon Prime membership by 10% within the target market during the one year time period of the campaign’s launch.

Brand Marketing Strategy

Based on our problems and opportunities analysis, Amazon should take full advantage of their strong brand power to continue integrating with outside companies and position themselves more towards the older millennial and younger baby boomer populations. The trustworthiness and reliability of Amazon as a brand in the eyes of consumers already creates the platform for success in the IPA category, and utilizing that power to partner with other popular companies creates the opportunity for Amazon to increase sales of the Echo, appeal to a wider customer base and ultimately grow market share within the intelligent personal assistant industry.

In terms of pricing and product distribution, we agree that Amazon’s current strategies are optimal at this point in time. Being the leader in online retailing, Amazon already provides the most efficient platform for distribution for the Echo, and only adds to that efficiency by having the Echo available for purchase in brick and mortar retailers such as Home Depot and Sears. In addition, the current pricing
Amazon has for the family of Alexa enabled products is optimal and is a price that we would not change with our proposed strategy.

**Target Market Profile**

The recommended target market encompasses middle to upper class working professionals between the ages of 25 to 50 who are high achievers and are always looking for new ways to make their busy lives more efficient. They use innovative technology constantly in search of new and better ways of completing daily tasks like making lists, keeping up with the latest headlines, or streaming their favorite music playlists. Possessing an average HHI of $89,000 compared to the national average of $71,000, this market has a higher amount of discretionary income to spend on more expensive consumer electronics. These individuals like the idea of convenience and getting more done in less time, and are often loyal to a small group of brands for the products that they use.

In addition, while many new technology products are directed solely towards millennials, research has shown that younger baby boomers are responsible for a large percentage of online technology sales (AdAge.com). As stated by comScore, 62% of Amazon prime members are aged 40 or older, despite the common misconception that this group is not tech savvy. These statistics prove that the younger boomer segment of our proposed market is also important to target, especially because it is Prime users who will receive more benefits of the Echo.
Target Market First-Person Profile

“Hi, my name is Tom. I am a 30-year-old college graduate from the University of Florida, and I am currently a financial advisor for a large financial firm in Chicago. I have a very hectic schedule between balancing my near-60 hour work week, maintaining a social life and leading a healthy lifestyle. It is important to me to stay on schedule and be on time for whatever I am doing, from an early morning work meeting to a dinner with friends. On weekdays, I wake up at 5:30 a.m. to my alarm clock and get in a morning workout before having coffee and getting ready to go into the office. During my morning train commute, I enjoy listening to the latest NPR news report followed by some of my favorite Spotify playlists.

On the weekends, I enjoy going out with my friends and co-workers and occasionally going on dates. Although, since I do not own a vehicle, I often rely on Uber for my main mode of evening transportation. I am single and live on my own in a one bedroom apartment downtown, and I enjoy cooking healthy meals for myself. To get my groceries, I often use an online delivery service that brings my items right to my doorstep. However, when I have company over and don’t feel like cooking, ordering a pizza is always the next best option.

Although I don’t usually have the time to watch every game, I am very interested in sports and love to keep up with the Chicago sports teams and my alma mater, the Florida Gators. Since my work life is often demanding, it is important that I make notes in my iPhone and update my calendar with work deadlines, meetings and appointments with clients. Both inside and outside of work, I consider myself to
be a bit of a tech-nerd. I am very attentive to the latest technology trends and always want to be one of the first ones to adopt a new product. When I was in college, I was fortunate enough to be able to attend the Consumer Electronics Show in Las Vegas, and ever since then I have had an interest in any new gadgets on the market. At this point in my life, I am very focused on my career and reaching my career goals, but in the future I could see myself settling down and starting a family outside of the city.”
Product Positioning Statement Alternatives

1. To 24-50 year old tech-savvy individuals who need to satisfy a yearning for efficiency in their homes, the Amazon Echo is the intelligent personal assistant that provides hands free technology within your household. The reason is that it has cloud-based, artificially intelligent software that integrates with your mobile devices and other outside companies to assist you with any task from calling an Uber ride to updating your busy calendar. The brand character is innovative, unique and modern. The value-based payoff is convenience and satisfaction.

2. To the older millennial and younger baby boomer populations who are looking for in-home convenience from a trustworthy brand, the Amazon Echo is the unique intelligent personal assistant device that provides the interactive technology to connect your household. The reason is that its voice controlled, artificially intelligent technology gives the Echo the ability to help you with hundreds of day to day tasks, such as ordering your favorite Domino’s pizza, adding items to your grocery list or streaming your latest Spotify playlist. The brand character is intelligent, innovative and all-inclusive. The value-based payoff is efficiency and fulfillment.
Justification for Proposition

We chose to move forward with our first proposition statement. We felt that this statement was the better choice between the two because it presents the most important benefits of the Echo to the target market in a clear and concise manner. The second option, while similar to the first, presents the benefit in a way that was too general to be presented to the target market. Our first proposition statement makes it clear who the target market is, and explains how helpful the hands-free, artificially intelligent product can be in bringing efficiency to the household. While the target market might be familiar with other IPA products, our statement emphasizes how the Amazon Echo is unique among its class by providing the ability to stream a variety of music platforms, call an Uber, or order a pizza through a simple voice command. The support and attributes in our statement describe the components of the Echo that we feel best appeal to the target market and their needs.
Communications Objectives

1. To increase awareness of the Echo by 25% to the target market within one year of the campaign launch.

2. To inform the target market that the Echo provides a unique ability to integrate with other products and make home life much more efficient for its users, leading to a 20% increase in exposure and brand recall within one year of the campaign launch.

3. To remind target consumers of the strong brand power, reliability and positive nature of Amazon as a company, resulting in a 15% increase in consumers’ intent to buy within one year of the campaign’s launch.

Communication Strategy

To Convince - 25-50 year old working professionals who need the latest technology products to make their hectic lives more efficient

That - the Amazon Echo is the intelligent personal assistant that provides the ultimate hands-free, artificially intelligent technology to satisfy your in-home needs

Because - it has a unique ability to integrate with your mobile devices and outside companies to assist you with a variety of household tasks from calling an Uber to streaming your favorite playlist.
IMC Strategy

1. To increase awareness of the Echo, we recommend Amazon place a TV spot advertisement on major networks that are commonly watched by our target market.
   - **Frequency:** The spot will run in a primetime spot on weekdays and a late-night spot on weekends.
   - **Time of Year:** November 1st-April 30th, the last six months of our campaign; this range includes the Holiday season, which also includes Black Friday and Cyber Monday, where a large percentage of Echos were purchased last year.

2. To better inform the target market about the Echo and generate interest in the product, we recommend Amazon partner with the Olympics to create a video mini series on YouTube starring major Olympic athletes and running over the course of the 2016 Summer Olympics in Rio de Janeiro.
   - **Frequency:** 1-2 new videos per week over the course of the Olympics
   - **Time of year:** August 5th - August 21st; this time range runs from the opening ceremony for the Olympics to the closing ceremony

3. To stimulate interest and awareness of the Echo, as well as remind people of the reliable and positive nature of Amazon as a brand, we recommend Amazon host an experiential event where consumers can personally come
and test out the Echo, interact with other consumers and enjoy food, prizes and fun. This event will give consumers a chance to see how efficient Alexa can be themselves and will also generate buzz about the product. In addition, we will run a sales promotion at the event to encourage new people to join Prime and already existing members to complement their Prime experience by purchasing an Echo.

- **Frequency**: One day event held in several popular locations across the United States

- **Time of year**: September—about halfway through our campaign; to raise awareness before the holiday season begins

4. To further increase brand consciousness among the target market, we recommend Amazon place an ad in the Wall Street Journal publication.

- **Frequency**: each Saturday issue

- **Time of Year**: May 1st – October 31st; the first six months of our campaign
Promotions Tactics

1. TV Spot Advertisement on NBC, CBS, ABC and FOX

- We recommend Amazon place a 30-second television ad on the “big four” national networks in a primetime slot on weekdays and a late night spot on weekends. The commercial will feature footage of a 30-40 year old asking Alexa what places are having good drink deals that night, using Alexa to stream a party playlist while getting ready and then using Alexa to call an Uber to take that person out to meet some friends. The ad will show the Echo several times and will have Amazon’s logo on the screen at the end, along with the Amazon website URL where consumers can purchase the Echo.

  - Explanation: We chose to use a TV spot because it remains a good medium for consistently reaching a large portion of our target market. The four major networks of ABC, NBC, CBS and FOX reach across the nation and show nightly news reports and evening shows that are viewed by a significant section of our target audience throughout the week. This tactic will help address our first and second communication objectives, to increase awareness of the Echo and to help inform consumers of the unique capabilities of the Echo.
2. YouTube Mini Video Series Partnering With The 2016 Summer Olympics

- We recommend creating a video series to air on YouTube over the course of the 2016 Summer Olympics. This series will run from August 5th (opening ceremonies) until August 21st (closing ceremonies), and will feature footage of famous Olympic athletes utilizing Alexa in different ways in their preparation for the Olympic games. There will be two new videos released each week over the 17-day period, with a total of five videos. The videos will reflect a comedic and casual tone, but showcase the many ways Alexa can be used, even by the biggest stars in sports.

  - **Explanation:** We chose to create a YouTube video series partnered with the 2016 Summer Olympics because it will be one of the most followed and watched events of the entire year. YouTube is a popular platform among our target market, and combining that with the familiar faces of sports will create a way for consumers to connect the Echo with such a high profile event. The appearance of some people’s favorite athletes using the Echo will establish consumer trust in Amazon as a brand as well. In addition, the series will create excitement around the product and in turn generate buzz and product awareness.

3. Amazon Echo Experiential Event
• We recommend Amazon host an experiential event at various populated cities around the United States to help promote the Echo and give consumers an opportunity to try out the Echo before purchasing it. This event will feature booth appearances from several collaborators on the Echo, such as Uber, Domino’s and Spotify, who will supply collateral media. The event will include food, drinks, prizes and more fun, interactive activities for attending consumers. In addition, the event will include social media interaction, with a hashtag on Twitter and Instagram referencing the location of specific events (#EchoExperienceOrlando) for consumers to track, and a SnapChat filter promoting the Echo. To provide incentive for both Prime members and non-Prime members, we will run a sales promotion at the event. For non-Prime members, we will give them a one-time opportunity to get $50 off of a year Prime membership if they place an order for the Echo at the event. For existing Prime members, we will also give them a one-time opportunity to receive $50 off of their next year of Prime if they place an Echo order at the event.

  o **Explanation:** These events will help address all segments of our communication strategy, including building brand awareness, stimulating interest in the product, informing consumers of the unique benefits of the Echo and reminding consumers of the strong brand power/positive nature of Amazon. They will be strategically held in cities with a dense population of the target
market. With the Echo primarily being an e-commerce product, this event will give consumers a chance to experience the Echo themselves before purchasing. In addition, the opportunity for discounts, promotions and prizes will provide further incentive for consumers to come to the event and join Prime. The Twitter and Instagram hashtags will allow individuals to see other consumers in the area attending their event, and will also allow individuals not attending to track the event and learn about the product. The buzz and the publicity surrounding the events will increase exposure of the product and will hopefully encourage more members of the target market to purchase the Echo, or at least bring awareness about the product to consumers in the pre-Holiday season.

4. **Wall Street Journal Ad**

- We recommend Amazon place an ad for the Echo in every Saturday publication of the Wall Street Journal for the first six months of our campaign. The banner ad will feature a photo of the Echo, the Amazon URL and the Amazon logo, and the price of the product along with a simple catch phrase about in-home efficiency. The ad will appear following the business section of the newspaper.
Explanation: The Wall Street Journal is a newspaper that is read by a good portion of our target market, especially those interested in technology and business. It is a publication that has a national reach, and sends out its largest paper on Saturday mornings. The ad, though simple, will catch the eye of those who are reading about the latest business and tech news through the word “efficiency.” In turn, the ad will stimulate interest in the product and generate brand awareness.
Evaluation and Measurement

We recommend that an evaluation be conducted before, during or after for each media component in our strategy to determine the effectiveness of each tactic.

1. ABC, NBC, CBS and FOX TV Spot Ad

   • We propose doing a concept test prior to the TV spot being run. This will allow us to evaluate the accuracy of the commercial content and ensure that the benefits being showcased are useful and relevant to the target market.

   • Following the airing of the commercial, we propose conducting a post-test to view the difference (if any) in brand consciousness and measure the level of brand recall among the target audience. In addition, we will compare the results from the post-test to the results from our Wall Street Journal ad, which ran before this in the first six months of the campaign.

2. YouTube Mini Series During the 2016 Summer Olympics

   • We propose doing a concept test prior to creation of the video series to gather which athlete appearances and which benefits would resonate better with the target audience; concept test is suggested to also determine budget allocation and ensure that production is possible.
• During the time that the videos are being released, we propose doing a concurrent test of the series to evaluate and measure how the target audience is responding to the videos, if there is excitement surrounding the upcoming releases and how many views each spot is generating.

3. Echo Experiential Event

• Prior to the events happening across the country, we recommend conducting a concept test to gauge the consumer interest in the event and gather ideas that consumers might want to see at the event.
• During the event, we propose conducting a concurrent test halfway through the event’s completion to evaluate consumer attitudes towards the product and intent to buy as well as measure reach, buzz and responses on social media.
• Following the event, we propose running a post-test to evaluate consumer perception of the event, sales numbers in comparison to before the event and consumer attitudes towards Amazon.

4. Wall Street Journal Ad

• Prior to the ad running in the Wall Street Journal, we propose running a concept test to evaluate whether the simplicity of the ad is something that will be effective to the target market.
• After the ad has run, we propose conducting a post-test to measure the exposure, effectiveness and recall of the ad, and evaluate how well the ad for the product works in the print medium compared to other mediums.

Creative Brief

1. **Product/Service:** Amazon Echo
2. **Objective:** To increase sales and awareness of the Echo and in turn increase Amazon’s market share in the IPA category
3. **Target Market:** 25-50 year old, middle to upper class working professionals who are tech savvy and efficiency seekers
4. **Strategy:** By capitalizing on the strong brand power of Amazon and positioning the Echo as a hands-free smart device that can integrate with outside products and bring efficiency within the home, Amazon can successfully appeal to the target market.
5. **Proposition:** Amazon Echo—Experience Efficiency
6. **Support:**
   1. Increasing trend towards artificially intelligent and cloud-based technology
   2. Unique ability to integrate with other mobile devices and outside companies to increase efficiency
   3. Standalone, hands-free use gives competitive advantage over other IPAs
7. **Competition:** Other producers of IPA’s, like Apple, Google, Microsoft, Ivve, LG SmartThinkQ hub, Ubi and Mycroft voice recognition software.
8. **Mandatory Elements:** Price, Amazon logo and Echo product name, product picture, product benefits.
9. **Tone of Voice:** Convenient, intelligent, innovative, fulfilling
10. **Desired Consumer Response:** We want our target market to feel excited about the Echo; we want them to think about how innovative the Echo is and how helpful it could be in the home. We want them to take these thoughts and feelings from the advertisements and use them to ‘do’-- by looking up more ads, visiting Amazon.com to find out more about the Echo and how to go about purchasing one. Ultimately, we want them to feel comfortable and confident choosing the Echo over other IPA product options on the market.
11. **Media Requirement:** Digital ads, print ads, experiential media, video, sales promotion, collateral media
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