

SWOT Analysis

To: Jon Hanner
From: Nick Lee
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Re: Instacart Analysis

Instacart is the Amazon for groceries with a one-hour delivery time. Instacart launched in 2012 in San Francisco, California as a way for individuals to shop at local grocery outlets without the need to leave their home. Anyone who needs to eat, may end up going to grocery shop, but the problem is the idea of transportation and waiting in line. But with Instacart, grocery shopping is convenient for grocery shoppers, especially those lacking in transportation and those with a disability. The product has already been built as it is currently available as a free app in most App stores. The product also has its own website available for those without smartphones and wanting to purchase groceries. The startup has employed several individuals as “shoppers” who drive to a local grocery outlet, purchase the groceries or goods, and deliver the product to the consumers. According to *CrunchBase* (2014) the startup has raised over \$274.8 million as of December 2014, and has partnerships with a variety of stores such as Costco, Whole Foods, and other local grocers. The product, as of March 9th, has around 2,223 reviews and about 50,000 downloads from both the iTunes and Google Play App Stores (2015).

Strengths

Instacart's advantages are simple, yet effective. And according to Instacart's FAQ (2015), they:

- Quickly deliver to their shoppers, usually within one to three hours, but almost always on the same day.
- Give the ability to schedule a different time and date for their delivery if necessary.
- Have fixed and cheaper delivery fees compared to other services such as Amazon.
- Focus on one particular product: groceries, making their competition miniscule.
- Help anyone wanting to shop for groceries, but the service is mainly convenient for those lacking transportation or have a disability.

Weaknesses

Despite their same-day delivery guarantee, Instacart faces several challenges such as:

- Weather. Instacart depends on the weather; what the weather is like determines the relative quickness in their delivery time. Another main challenge the product may face
- Reliance on the store stock. Instacart does not produce the products, rather they relay those products. They rely on stores such as Costco to have the product in stock and ready to ship. Without a product in stock, they would be unable to deliver it to the customer.
- Relation with local grocers and companies. Store stock also depends on whether there is a good relationship with local grocers and companies. If the relationship turns sour, Instacart may run into a supply and demand issue within a city/town.
- The relative unknown produce(s) being chosen. Consumers will not be able to pick out their own produce(s), for example consumers will not be able to test out different watermelons or see the bananas they are looking to purchase before purchasing the good.

Opportunities

Instacart has several opportunities and potential, such as:

- Tackling unemployment. Once Instacart expands to different cities and towns, there will be a need for more delivery shoppers to buy the products at stores and deliver them.
- Serving those who need groceries every day, or every week. Those without a permanent transportation, such as a car, are forced to either walk or take the bus to buy their groceries. Instacart can focus on these individuals and cater to them a bit more.
- Potential partnership with restaurants. Most restaurants do not have delivery services, thus those who are unable to visit a restaurant can potentially use Instacart to deliver food to the customer.
- Expanding to other markets. Instacart not only has the opportunity to expand to different cities and towns, they also have the opportunity to expand to markets unrelated to groceries such as computers or clothes. This can cut down the commute for those in larger cities who wish to purchase products unrelated to groceries.

Threats

Instacart faces many threats such as:

- Other versions of Instacart. Big-time grocers and other outlets, and even smaller and local grocers may begin their own versions of grocery delivery or even same day delivery. For example Wal-Mart has a delivery program, although a relatively slower process than Instacart, programs like these can hinder Instacart's expansion process.
- Unresponsiveness from local grocers. Local grocers may be unresponsive in assisting Instacart in their expansion process by not cooperating with Instacart's strategies.
- Other failed services. Other services similar to Instacart have failed in the past. If numbers begin to fall or dip for a couple of months, will Instacart lose possible investors?
- Preemptive Strikes. Amazon and other services may catch onto Instacart's strategy and begin to deploy their own same day delivery or similar delivery services to cities before Instacart reaches them. This may halt Instacart's expansion process.
- Advanced in technology from other services. Instacart's method of delivering is through humans, but Amazon's latest technological advance in drone capability removes the need to have a human deliver the product. Drone delivery can be faster, reliable, and much more efficient.

Instacart. Retrieved March 18, 2015, from <https://www.crunchbase.com/organization/instacart>.

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