

Amazon.com Case Study

Name

Institution

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### Case Study Summary

#### Overview

Amazon.com is one of the largest online retailers dealing with customers across the globe. The company offers diversified product range such as books, electronics, apparel and other product over its online site (Jain, Madan & Singh, 2016). The company operates over several international websites to ensure the delivery of its products to customers over different geographic zones. The company mainly operates in Asia, Europe, and North America. As of 31<sup>st</sup> December 2014, the company had 154,100 employees (“Amazon.com, Inc. SWOT Analysis.” 2015). Its headquarters is in Seattle in Washington. The fact that technological advancement in the current world has transformed how people do business, a large percentage of the market is increasingly adopting the use of the technology for their convenience. For instance, making online purchases other than visiting physical retail stores has become an order of the day for most consumers hence a benefit to the online retail providers such as Amazon.

#### External Environment

PEST analysis framework is an important tool that analyses the external environment of an organization such as Amazon. Through the implementation of the framework in the case of Amazon, it is evident that with the help of various governments the company has been able to extend its operations to regions such as Denmark and France. With the support of the governments of the identified countries, the company has been able to launch its authorized access to the designated regions and in turn, pay taxes. Looking at the economic aspect of the framework, it is evident that the exchange rates of different geographic zones affect the company's level of return. Incidentally, the commercial standards of a country determine the

ability of the company to deliver products to the consumers in different regions based on the level of returns for the enterprise (Walt, 2016).

Changing culture and demographics are the major social factors affecting Amazon Company. It is true that the technology and technological innovations such as the development of the internet have transformed how people purchase their products. Most people consider it more appropriate to make online than physical transactions. Green issues such as pollution and existing safety legislation affect the company and its operations because of laws constraints the company's operations and behavior.

### **Strategies and Objectives**

Amazon's goal is to offer the consumers with the best online site to purchase, discover, and find varied products and services that enhance the company's brand. Additionally, the company has an objective of expanding its operations in different geographic zones with the aim of widening its geographic base.

Amazon Company has varied strategic objectives that ensure it maintains a competitive position in the industry. For instance, Amazon implements a marketing and promotion strategy that promotes the brand of the company in the market. The company applies a technological strategy which requires the organization to focus its efforts on development in establishing and enhancing specialized and proprietary software unique to the business. Amazon also implements a low price strategy in the industry. With the low price strategy, Amazon has the ability to compete against the competitors in the sector by attracting customers even from the low-income bracket.

### **Amazon's projections in Five Years**

If Amazon continues implementing its current strategies and objectives, in the next five years, the company will be in a desirable position in the industry. For instance, Amazon will be a preferred online destination for a considerable percentage of the online consumers across the globe. Additionally, the company will be dealing with an enhanced brand, widened customer base, and electronic commerce expertise. The company will be an online shopping destination for many since the firm will be offering an attractive benefit to the consumers, diversified product range, ease-of-use, convenience, personalization and competitive product prices (Ingold, Soper & Moroney, 2016).

It is also a fact that in the next five years the company will be dealing with a wide range of products and services in different geographic zones. Gauging from 1995 to 1998, it is true that the firm has been expanding on its products from books to music. The outlined is an indication that the company has a great potential of widening its product base to include goods and services sold by other merchants in the industry. Not only does the company expand on its products but also its outlets in different geographic zones. It is evident that in 1998, the company acquired several internet companies in various regions such as in Germany and UK (Goldman, 2016). As a result, it transformed its websites to adopt the look and feel of the European sites such as [www.amazon.de](http://www.amazon.de). The provided illustration is an indication that the company is fighting to be a global leader in retail delivery over the online platform.

In the next five years, the company will have a wider customer base. Incidentally, the marketing and promotion strategy implemented by the corporation aims at increasing the amount of customer traffic to the company's websites including their loyalty. As a result, the company

will be enjoying a higher level of customer traffic and customer loyalty in comparison to the current time.

Technological advancements through the use of the specialized software will make it easier for the company to place new orders, manage inventory, and track orders with the suppliers. It is evident that in the next five years, the company will have incorporated more applications within its operability therefore making it easier for the organization to manage its applications even better. Additionally, in the next five years, the company will be performing better in the industry as a result of its intensified rate of competition. According to Konrad (2016), it is evident that e-commerce market is intensely evolving. With this, new players have entered the industry with the existing ones intensifying their competitive ability to ensure they remain in business. As a result, in the next five years, Amazon will have strong competitive abilities in the industry in comparison to the current time.

### **Strategy Recommendation**

Amazon should establish strategic alliances to stay in business. It is true that the E-commerce industry is characterized by a high rate of competition. Therefore, developing competitive alliances and strategic partnerships is one of the strategies that Amazon can consider to intensify its competition. Forming strategic partnerships make it easy for the company to stay in business by adopting the resources of another player in the industry hence becoming stronger against the other firms in competition. Establishing the alliances plays a major role in directing the company towards meeting its goals and objectives in the industry. As outlined, Amazon Company seeks to widen its customer base, increase its product line, and intensify its competition in the next five years.

### **Competitive Strategies**

The main competitors in the industry implement differentiation as a competitive strategy. Through this strategy, the competitors ensure they provide the market with differentiated products to attract a section of the market that Amazon has not yet taken control. Also, the main players in the industry implement a focus strategy as a way of competition in the industry. Through the policy, the main players in the sector limit their competitive scope in the market where the company serves a limited section of the market. The main competitors in the industry implement a cost focus strategy whereby they seek a cost advantage in the market to intensify its competition.

Differentiation and cost center strategies are regarded as the most efficient competitive strategies. Incidentally, the two strategies have a high potential of strengthening the competition of the firms by attracting the attention of the consumers in the market who are mostly overlooked as a result of their incapacities or uniqueness in the market. Amazon can combat the strategy of different by providing diversified products for the consumers in the market. The move will be focused on ensuring the customers in the market are equipped with a wide product variety to choose from hence combating the differentiation efforts of the other players in the industry. To counter the cost focus strategy implemented by the rivals in the industry, Amazon will utilize a low-cost approach. Providing low prices for the commodities it offers in the market will attract the attention of the consumers in different customer segment including the ones that the rivals have their focus on. According to Goldman (2016), clients in the market will seek to purchase cheap and affordable products in the market rather than unique ones hence providing an indication that cutting down on cost is an effective way of combating the identified cost focus strategy.

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