

Case study - AMAZON

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ABSTRACT

Amazon is the first large company that sells goods and services over the internet it was founded by Jeff Bezos in 1994. Amazon started out as an online book store then it grows quickly to add new items such as DVD's, video games, electronics, clothing and more to the extent that the company logo symbolizes means that they sell all products from A to Z. Amazon.com try their best to get customer loyalty and trust. They offer state shipping service and they have many retail stores in different countries. It also purchases customer data and information to achieve customer needs and wants. Amazon is one of the first in the world to sell online and has many competitors like: ebay, rakuten and flipkart. Therefore, amazon has own over 40 subsidiaries includes: zappos, shopbop, IMDb, Amazon Prime, appstore, and amazon drive.

INTRODUCTION OF COMPANY

Amazon India launched its operations in June 2013. The company soon launched its website Amazon.in which is offering customers a wide variety of choices in apparel, groceries, household items, books, movies, television shows and almost everything that a person requires. On the very first day of its operations, the company received more than 10,000 orders. Amazon India is a subsidiary of US-based e-commerce giant Amazon Inc. The parent company Amazon was founded by Jeff Bezos in 1994. The company wanted to explore other countries for sales increment and the growth of the company. So, it did not limit its operations to the United States, and soon launched its operations in other countries. Amazon looked upon China as a lucrative option because of its huge market, well-developed infrastructure, and internet connectivity. Hence, earlier Amazon expanded its operations to China. However, it did not prove to be that much fruitful that it expected because of the stiff competition by local e-commerce companies such as Alibaba. So, it further expanded its operations and looked for some viable options. The Amazon analyzed India as a country having great potentials and it was sure that India will turn out to be fruitful for its growth. Hence, Amazon came to India and launched its operations here in 2013.

Company Background

When amazon was founded in 1993 by Jeff Benzos. It just was known as an online bookstore. And amazon growth was very slow but after 7 years when provided the dot-



com bubble amazon started achieve their goals and became the most widely and largest online bookstore. At that time amazon team decided to transformed their corporate-level strategy into a mangers and acquisitions approach and this strategy has change amazon and make it more success. Today's amazon goals are to be a place a customer can go to purchase online. Therefore, amazon transformed from a garage-based bookstore into a \$48 billion-dollar retail machine. And this is a result for the power of technological progress, bandwidth and data storage technologies. With all these opportunities amazon now sells products in over 40 categories. They provide everything that the customers need and want. And now amazon becomes a logistics platform, a search engine, internal advertising platform and e-commerce and IT platform. The keys that Amazon is competing with are low prices, convenience, selection, and availability.

General Environment

External Analysis

Sociocultural

In 2008, the global economy has been in a recession. The World Bank reduced each county's expected GDP growth for year of 2013. The low of GDP and high unemployment rate has been affected on people wealth and purchasing power. So many people chose to transfer their shopping onto an online platform and changing their spending habits toward finding "bargain goods", which increases the online sales by 11%. Amazon has been able to benefit from this by offer affordable goods quickly and easily to the general public.

Global

Online shopping has grown-up dramatically over recent years. E-commerce seemed so convenient because there are no geographic limits and consumers can have access to a selection of goods wherever and whenever they want and need all over the world. Moreover, there is unlimited selection for customers to review and compare. According to a evaluation of online shoppers: 48 percent of respondents shopped online 66 percent preferred web retailers, and 73 percent completed nearly half of their shopping online.

Technological

With the advances in modern tech support and web security, many people now are willing to make online purchases. Services such as Amazon are able to use this opportunity by offering consumers goods, which are not readily available in local markets. Also, amazon has been influenced by technological innovations. For example, online payment methods such as credit card, PayPal. Moreover, the invention of electronic devices such as smartphones delivers easy and convenient transaction processes

Political/Legal

Firms such as Amazon must be cautious when they deal with international policies on online distribution. Amazon should be watchful to the online sales taxes while advertising products to other countries via online shopping platforms because different sales taxes can cause confusion to customers. As a result, for, the network of distribution services and the power of E-Commerce, Amazon is in a position to develop its core and should take use opportunities from emerging countries,

Industry Analysis

Threat of New Entrants

Amazon does their best to achieve the position in the industry so it is to hard to any competitor to enter the industry to compete Amazon and gain customer loyalty.

Bargaining Power of Suppliers

power of suppliers to Amazon is low since suppliers do not need payment until 35 days after the proof of sales

Bargaining Power of Buyers

Amazon's power of buyers is high. Customers have the options to choose among many online stores but amazon gain customers first choice and loyalty

Threat of Substitute Products

Threat of substitutes for Amazon is high. Amazon competitive advantage is the patented technology. And this means that amazon focus on the quality of customer service and convenience provided.

Rivalry Among Competing Firms

Rivalry among competing firms is high. There are a massive number of search engines on the Internet, which are able to influence customers decisions when searching for the best online retailer.

Competitor Analysis

Amazon has a universal presence over many categories and faces a powerful competition. Based on the similarity in the range of products, geographic market coverage, and scope of business, three major competitors are known: eBay, Barnes and Noble, and Wal-Mart.

Idea justification

Amazon poses a focused low-cost leadership strategy and differentiation strategy by sealing many books not available at less expensive price, Or other products with less prices in the comparison to the markets.

Competition in the industry:

1. **Competitors strategies nowadays:** they focus to increase their market share and provide a variety of products to compete against amazon through out a competitive prices, differentiation, and cost leadership.
 2. **Future accomplishments:** Competitors always want the first place in the market, and to be the leader in both e-commerce and physical commerce
 3. **The threats of other competitors:** competitors offer similar products that amazon has but with a lower price, some of competitors are capable to perform a strategic alliance to increase their market base of consumers.
- Amazon uses a amount of data storage to improve customer service and met customer demands to satisfy them.The problem that faces amazon of U.S that the east data center is the biggest and oldest data center has been causing outage problems. The company should upgrade the system to prevent these issues and from going down in the future, Amazon the main objective to achieve long-term investment in online sales and distribution centers,by that they need improvement and reduce investments in many sectors to bring the initiatives and benefits and in order to stay competitive in the industry with the help of launching new products and projects that will contribute to generate revenue to have more value for the company.

Idea application

In case we look at the Amazon pay show; two or three things jump up right away. As we saw the online stores are so far the highlight of the business. In any case, the inside business is the foundation for other creating associations that continue running with different basis to its online stores. Where online stores continue running at tight edges and high volume by abusing cash change cycles. Distinctive bits of the Amazon plan of activity, like Amazon Advertising Services, Amazon Prime and Amazon AWS continue running with much higher edges. Thusly, Amazon

online stores are the foundation for those diverse associations that make the general association progressively advantageous as time goes on. We should give a look at the Amazon cash machine, which is the foundation of its ability to broaden, and upset diverse endeavors, while developing in various areas. One of the key parts of the Amazon plan of activity is its cash machine business methodology. To say it doubtlessly, Amazon has worked (and still does) for a significant long time at tight in general incomes on its online store. The association has promptly done thusly reliably, as it made its costs low, supportive appeared differently in relation to standard physical stores, and with a fast and successful movement structure, what Amazon calls fulfillment centers. This may give the inclination that Amazon doesn't deliver enough pay to its business. In any case, that is a momentous converse. As Amazon accumulates portions quickly from its customers, it by then pays its merchants with tolerably longer portion terms. This gives Amazon transient liquidity that can contribute back to quicken advancement. With this framework, Amazon has had the ability to disturb a couple of endeavors. Starting as a book shop on the web, it quickly reached out in the different organizations. One Amazon has made the most vital two-sided business focus on earth it has ended up being course less requesting for the association to offer various distinctive organizations. Two or three people comprehend that among various associations, Amazon has transformed into a progressed advancing provider. In addition, not somewhat one, anyway among the not a lot of prepared to go facing the duopoly Google-Facebook. Without a doubt, as of the principle extensive stretches of 2018, Amazon advancing business got in excess of six billion in livelihoods! With such a system and various electronic business encouraged on Amazon establishment, a consistently expanding number of business visionaries and promoters are glad to pay for Amazon publicizing organizations. This bit of the business has higher edges stood out from the tight edges of the online stores.

Various associations nowadays have moved to the participation plan of activity. Amazon has changed over bit of its business to suit this change. Amazon Prime is a fundamental segment of Amazon improvement system. The basis is essential, the more people join the Prime Memberships, the more things they purchase on the online stores. Certainly, with Prime, people acknowledge from snappier movement benefits other than the passageway to Amazon special substance offered by methods for spouting. This participation show also makes an undeniably consistent and obvious compensation after some time. Amazon is duplicating down on that as this strength unit will be fundamental to its future accomplishment.

That improves the conclusions of stock, which Amazon would have set aside a long effort to produce. In this manner, the customer experience improves further. Meanwhile, Amazon uses the cash made to moreover improve its cost structure. Instead of circle the additional cash to financial specialists the association passes it on to customers by methods for lower costs. This strategy contributes a lot further to the decent cycle which impacts Amazon to develop and take over various endeavors. This advancing framework has been used since the essential years by Amazon to expand its assignments. Regardless, clearly what made and makes Amazon so persuading is the arrangement of activity it and which makes an impetus for a couple of players.

Clients find things at a lower cost and get them brisk. Vendors can find new market openings or decide not to pass on any stock. Frankly, Amazon has its very own fulfillment center that manages the inventories for sellers. In this manner, that makes it less complex for anyone willing to start an online store to have lower deterrents to area. Specialists and tries can rely upon AWS cloud organizations.

From Prime, Advertising, and AWS, by virtue of its cash machine Amazon has had the ability to make a separated arrangement of activity. Thusly, who's thinking of Amazon as just an online store has been deceived by its earnings, yet has not attempted to look at how its arrangement of activity genuinely works!

RECOMMENDATION

- Amazon.com does not accept creative ideas, proposal, concept, suggestions or materials (weather of a technical, business, financial or other nature) other than those that we specially request.
- Although we would like to enthusiastically embrace every idea proposed to us, regretfully, our investment strategy and internal objectives do not allow us to do so.
- We specifically reserve the right to implement similar ideas in the future without restriction or obligations.
- Amazon.in does not accept any legal obligations. (Weather of confidentially, compensation, return or otherwise) with respect to any ideas.

The issue that happened and strategy to solve the issue: Basically, we have taken 4 types of issues that are faced by the AMAZON are as follow:

1. Product returns and refunds:

While shopping online, a lot of customers check for return policies before making the purchase. Needless to say, if an online seller offers easy returns, chances of customers buying from them is higher. A customer can return your products when they are no longer in need of it, it did not meet their expectations or when the product is damaged in some form. This can be a downside for the e-retailer because the cost of shipping and picking up products could be quite high, causing a loss of income. Additionally, if there are multiple instances of returns, the brand name could get tarnished.

Solution: First of all, set the right expectations with your customers. Provide detailed product images and product descriptions. Pay careful attention to the packaging of your

goods to avoid damage during transit. Put in place stringent QC checks and be flexible with your returns policies to meet customer demands – this will earn you customer's trust.

2) **Customer loyalty:**

Ease of online shopping encourages customers to look for best prices rather than sticking to a particular brand/vendor. It is very tough to earn a customer's loyalty in times when competition is high. Good customer experience may or may not go unnoticed. However, if a customer has had a bad experience, they are bound to raise it as a concern, which may in turn affect your online ratings.

Solution: Good customer service always goes a long way in earning customer's loyalty. Answer customer queries promptly and be available to them when they have issues with the products or a particular service. Deliver on or before time whenever possible, offer free shipping and easy returns and refunds. Seek timely feedback and work on it to better your business, in order to secure customers for a lifetime.

3) **Pricing competition:**

A highly competitive market results in varying prices for the same product across different online marketplaces or even within the same portal amongst different sellers. Small businesses are affected by such competitive pricing as they cannot afford slashing product rates owing to their small profit margins. This may greatly affect your chances of securing a buy-box spot.

Solution: Assess the market trends and provide competitive pricing for your customers. You can either do this manually or make use of Amazon's winning Automated Pricing Tool if you are a seller on Amazon.

3) **Brand recognition:**

While online selling platforms may give you the option to display your brand, due to a lot of competition your brand may get lost in the plethora of options for the customers. Also, similar or same products can be available with different sellers on online marketplaces. This may result in less than favourable sales performance of your online selling business.

Solution: Create a unique brand identity that resonates with the customers and makes them want to buy from you. This can be done by providing good quality products, dedicated customer service and fast and easy shipment procedures. In addition to this, maintaining complete transparency with your customers by creating good product catalogue and providing detailed product descriptions. This may help you earn a five-star seller rating and build a good reputation for your brand.



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