

SW2 – SAMPLE E-COMMERCE SITE

1. Name / Logo

- AMAZON



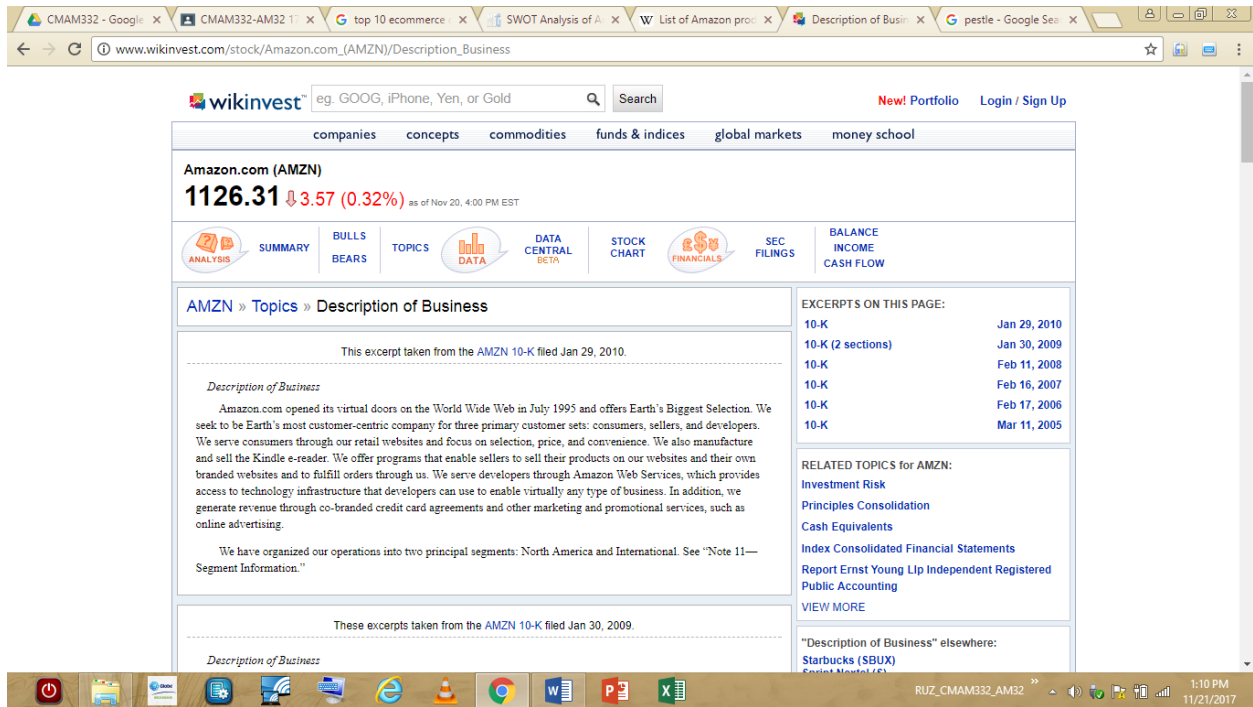
(Amazon, 2017)

Amazon. (2017, November 21). Retrieved from amazon.com:

https://www.google.com.ph/search?q=amazon+logo&source=lnms&tbm=isch&sa=X&ved=0ahUKEwiq4Yi3_c7XAhWKJ5QKHSRcAUcQ_AUICigB&biw=1366&bih=662#imgrc=_

2. Description (including products and services + e-commerce category)

- Amazon.com opened its virtual doors on the World Wide Web in July 1995 and offers Earth's Biggest Selection. We seek to be Earth's most customer-centric company for three primary customer sets: consumers, sellers, and developers. We serve consumers through our retail websites and focus on selection, price, and convenience. We also manufacture and sell the Kindle e-reader. We offer programs that enable sellers to sell their products on our websites and their own branded websites and to fulfill orders through us. We serve developers through Amazon Web Services, which provides access to technology infrastructure that developers can use to enable virtually any type of business. In addition, we generate revenue through co-branded credit card agreements and other marketing and promotional services, such as online advertising.



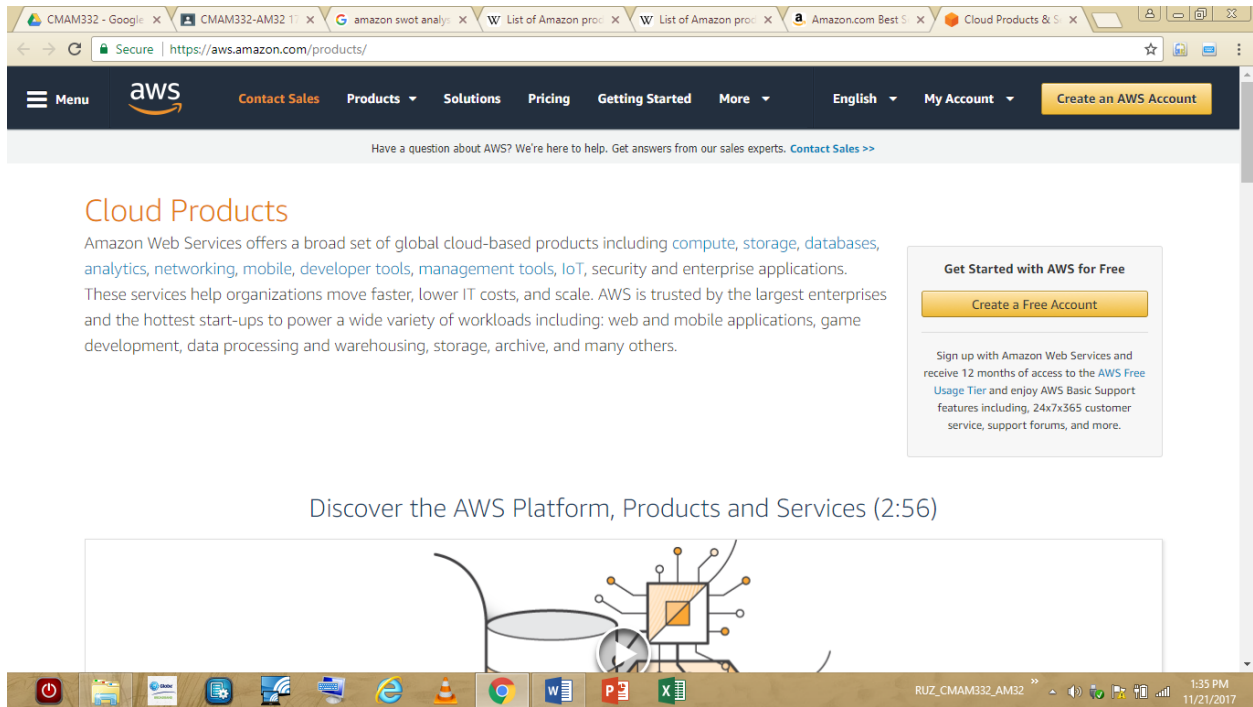
(wikinvest, 2017)

wikinvest. (2017, November 21). Retrieved from amazon.com:

[http://www.wikinvest.com/stock/Amazon.com_\(AMZN\)/Description_Business](http://www.wikinvest.com/stock/Amazon.com_(AMZN)/Description_Business)

Cloud Products

Amazon Web Services offers a broad set of global cloud-based products including compute, storage, databases, analytics, networking, mobile, developer tools, management tools, IoT, security and enterprise applications. These services help organizations move faster, lower IT costs, and scale. AWS is trusted by the largest enterprises and the hottest start-ups to power a wide variety of workloads including: web and mobile applications, game development, data processing and warehousing, storage, archive, and many others.



RETAIL GOODS

Amazon product lines include several media (books, DVDs, music CDs, videotapes, and software), apparel, baby products, consumer electronics, beauty products, gourmet food, groceries, health and personal-care items, industrial & scientific supplies, kitchen items, jewelry and watches, lawn and garden items, musical instruments, sporting goods, tools, automotive items and toys & games.

AMAZON PRIME

In 2005, Amazon announced the creation of Amazon Prime, a membership offering free two-day shipping within the contiguous United States on all eligible purchases for a flat annual fee of \$79 (equivalent to \$97 in 2016), as well as discounted one-day shipping rates. Amazon launched the program in Germany, Japan, and the United Kingdom in 2007; in France (as "Amazon Premium") in 2008, in Italy in 2011, in Canada in 2013, and in India on July 26, 2016.

CONSUMER ELECTRONICS

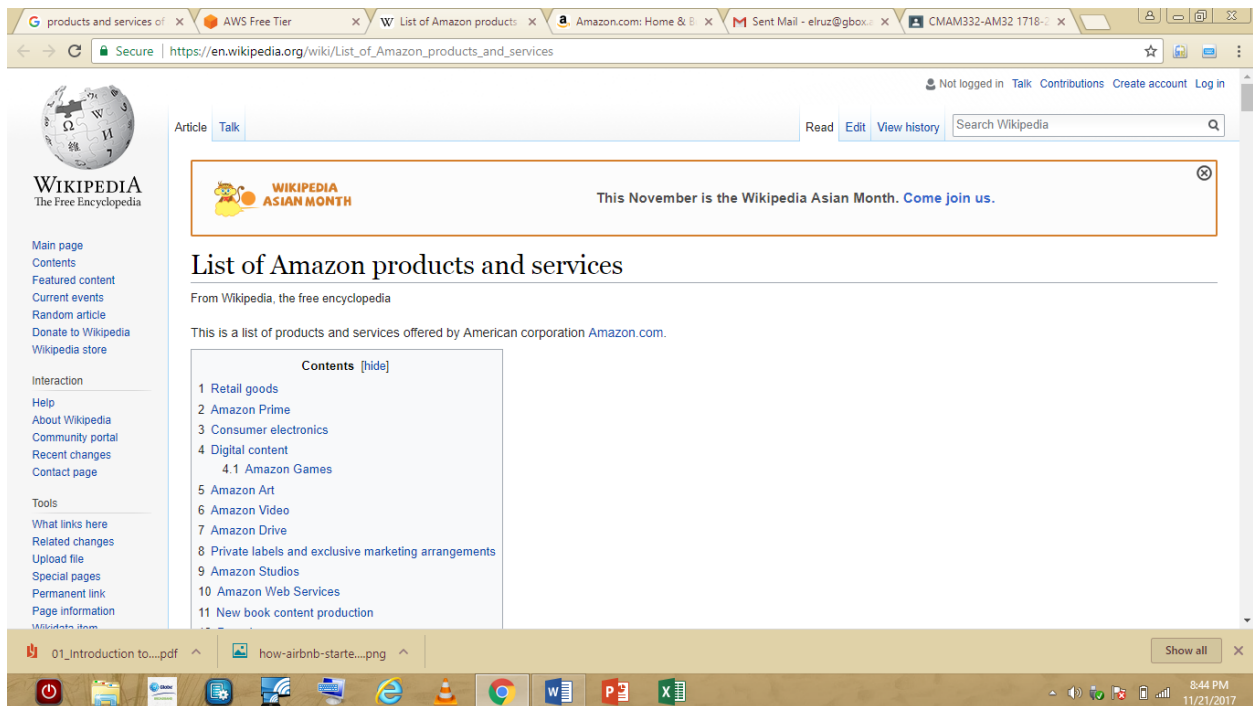
In November 2007, Amazon launched the Kindle, an e-reader which downloads content over "Whispernet", via Sprint's EV-DO wireless network. The screen uses E Ink technology to reduce battery consumption and to provide a more legible display. As of July 2014, there are over 2.7 million e-books available for purchase at the Kindle Store.^[36] Starting in 2012 Amazon began offering differing models within generations of its readers starting with the Paperwhite, Voyage, and most recently the Oasis 2 released in October 2017.

DIGITAL CONTENT

Amazon's Honor System was launched in 2001 to allow customers to make donations or buy digital content, with Amazon collecting a percentage of the payment plus a fee; however, the service was discontinued in 2008^[45] and replaced by Amazon Payments.

AMAZON GAMES

In October 2008, Amazon acquired game developer and distributor Reflexive Entertainment.^[65] This studio continued to develop games for PC, Mac and Kindle eReaders under the brands Reflexive and Amazon Digital Services. Notable titles include Every Word for Kindle Paperwhite and Airport Mania for Kindle Fire, Android, iOS Windows and Mac.



(From Wikipedia, the free encyclopedia, 2017)

From Wikipedia, the free encyclopedia. (2017, November 21). Retrieved from List of Amazon Products and Services: https://en.wikipedia.org/wiki/List_of_Amazon_products_and_services

3. SWOT Analysis (you may use PESTLE for the external factors.)

Strengths

- Being the world's leading online retailer, Amazon derives its strengths primarily from a three-pronged strategic thrust on cost leadership, differentiation, and focus. This strategy has resulted

in the company reaping the gains from this course of action and has helped its shareholders derive value from the company.

- Amazon primarily derives its competitive advantage from leveraging IT (Information Technology) and its use of e-Commerce as a scalable and an easy to ramp up platform that ensures that the company is well ahead of its competitors.
- One of the key strengths of Amazon is that it enjoys top of the mind recall from consumers globally and this recognition has helped it enter new markets, which were hitherto out of bounds for many e-Commerce companies.
- Using superior logistics and distribution systems, the company has been able to actualize better customer fulfillment and this has resulted in Amazon deriving competitive advantage over its rivals.

Weaknesses

- In recent years, Amazon as part of its diversification strategy has been “spreading itself too thin” meaning that it has allowed its focus to waver from its core competence of retailing books online and allowed itself to venture into newer focus areas. While this might be a good strategy from the risk diversification perspective, Amazon has to be cognizant of losing its strategic advantage as it moves away from its core competence.
- As Amazon offers free shipping to its customers, it is in the danger of losing its margins and hence, might not be able to optimize on costs because of this strategy.
- Considering the fact that Amazon is an online only retailer, the single-minded focus on online retailing might “come in the way” of its expansion plans particularly in emerging markets.
- One of the biggest weaknesses and something that has been oft commented upon by analysts and industry experts is that Amazon operates in near zero margin business models that have severely dented its profitability and even though the company has high volumes and huge revenues, this has not translated into meaningful profits for the company.

Opportunities

- By rolling out its online payment system, Amazon has the opportunity to scale up considerably considering the fact that concerns over online shopping as far as security and privacy are concerned are among the topmost issues on the minds of consumers. Further, this would improve the company’s margins as it lets it reap the advantages of using its own payment gateway.
- Another opportunity, which Amazon can capitalize on, relates to it rolling out more products under its own brand instead of being a forwarding site for third party products. In other words, it can increase the number of products under its own brand instead of merely selling and stocking products made by its partners.
- Amazon can increase the portfolio of its offerings wherein it stocks more products than the norm currently which places it in a position of strength and comfort as this can translate into higher revenues.
- The fourth opportunity, which Amazon has, is in terms of expanding its global footprint and open more sites in the emerging markets, which would certainly give it an edge in the uber-competitive online retailing market.

Threats

- One of the biggest threats to Amazon's success is the increasing concern over online shopping because of identity theft and hacking which leaves its consumer data exposed. Therefore, Amazon has to move quickly to allay consumer concerns over its site and ensure that online privacy and security are guaranteed.
- Because of its aggressive pricing strategies, the company has had to face lawsuits from publishers and rivals in the retailing industry. The obsessive focus on cost leadership that Amazon follows has become a source of trouble for the company because of the competitors being upset with Amazon taking away the business from them.
- Finally, Amazon faces significant competition from local online retailers who are more agile and nimble when compared to its behemoth type of strategy. This means that the company cannot lose sight of its local market conditions in the pursuit of its global strategy.

Amazon SWOT analysis

<p><u>Strengths</u></p> <ul style="list-style-type: none">- Customer Service- Information Technology- Efficient supply chain + logistics- Huge global brand- One of the first e-commerce retailer- Diversified product range	<p><u>Weaknesses</u></p> <ul style="list-style-type: none">- Diversified product range → Possible brand confusion- Profit losses due to free shipping
<p><u>Opportunities</u></p> <ul style="list-style-type: none">- Collaborations with the public sector- Joint ventures with store groups like Toys-R-Us- Entered the Chinese market in 2004 (acquired Joyo.com)- Increase in US online sales	<p><u>Threats</u></p> <ul style="list-style-type: none">- Brand competition (e.g. Kindle vs. iPad)- International competitors → US competitors may compete on int. level with Amazon- Poor publicity- Foreign exchange fluctuation