

# Competitive profile matrix for amazon



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The Amazon Phenomenon: Bookselling in the 21st Century (School) The

Amazon Phenomenon: Bookselling in the 21st Century

It is evident at present that Amazon. com is synonymous with online shopping, in competition not just with Barnes & Noble's online bookstore, but also with eBay, Wal-Mart, and alibris, and others, with a broad inventory of items in addition to books (Fortunato, 2005). The company started out in 1995 as the first online company to sell books. It rode the wave of Internet usage that accelerated to unprecedented success in the first year of the millennium and dropped in 2001, only to gradually rally and grow when other online companies were failing and dropping out (Frey & Cook, 2004). Why did Amazon. com rally and how did it build the company to become leader of Internet commerce and enjoy its first annual profit in 2004

The Growth of Amazon. com

First, Amazon was a pioneer in bookselling, with only an Internet site with easy access and no bookstore chain. It was able to stock warehouses and avoid the middle man, thereby offering a discount that didn't exist at that time in regular bookstores. Second, when the business grew beyond expectations, Amazon's CEO Jeff Bezos put the money back into the business instead of trying to make a profit (Frey & Cook, 2004). Realizing that bookselling by itself was not making the best use of technology, he added music CDs, movie videos, toys, electronics, software, video games, and home improvement, putting the company in direct competition with eBay and Wal-Mart (Mullen, 2005). In order to make full use of Amazon's popularity, he then created an online shopping portal, adding apparel from companies like Nordstrom and Gap, as well as sporting goods, gourmet foods, jewelry, and health and beauty (Timeline, 2006). But, for purposes of

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Amazon's competition in the field of books, how does the site compare with other bookselling sites online

The following Competitive Profile Matrix, based on specific success factors, is a comparison of online companies that sell, among other things, books, but the rankings relate specifically to bookselling from 5 (the best) to 1 (the least).

Competitive Profile Matrix - Company ratings in the book market online

FACTOR

Amazon. com

Barnes & Noble. com

eBay

alibris

Wal-Mart

Price

4

5

4

3

3

Quality

4

5

3

5

2

Unique Features

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5

4

3

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4

Product Delivery

4

4

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Product Inventory

5

4

3

2

3

TOTALS 22 22 17 16 16

Barnes & Noble. com (BN) gets high marks for price, with a 10% discount for BN members. Amazon has been up and down over the last ten years. For eBay, price depends on bids, and books are not their major product. For alibris, prices depend on the specific sellers, and the site is mostly for old and antique books. Wal-Mart stays with mass market and popular books with a small discount. In terms of quality, BN. com has been named the No. 1 bookseller on line for quality (About Barnes & Noble. com, 2006). Each of the five companies listed has unique features, with Amazon the most innovative

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at present. In terms of product delivery, buyers are sometimes limited to UPS for shipping and must have a street address, not a P. O. box. Amazon is the leader in inventory, but Barnes & Noble is right behind them (Chevalier & Foolsbee, 2003). The rest of the online companies are either specialized or books are not their main product. The CPM above shows equal overall scores for Amazon and Barnes & Noble, but in terms of innovation, Amazon has the highest score, keeping it one step ahead of everybody else. It continues to be the No. 1 online bookseller.

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