

Strategic planning paper essay

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Strategic Initiative Paper {text: bookmark-start} University of Phoenix {text: bookmark-end} FIN370 Rick Schutz, Instructor October 12, 2009 Strategic Initiative Paper Strategic Planning and Initiative The following is an excerpt from Amazon's Frustration-Free Packaging Program Expands with Dozens of New Toys from Top Brands: " Packaging frustration is real - we hear about it from customers all the time," said Sarah Wood, director of the Amazon. com Toys & Games Store. " Birthday parties and holidays should be as stress-free as possible for parents. Amazon Frustration-Free Packaging helps by eliminating issues some parents have with freeing toys from clamshells, wire ties and other packaging components.

The Amazon Frustration-Free versions are ready to play right out of the box, which is a great thing for parents and kids. " At the present time, Amazon Frustration-free packaging consists of a selected range of toys and consumer electronics products. Amazon's vision is eventually to offer the full catalog of products in Frustration-free packaging. Impact on Financial Planning Amazon has declared FFP to be a multi-year project, but the current list basically boils down to 8 kinds of toys, 7 of the same Microsoft mouse in different colors, and 3 SDHC memory cards (Wise Bread, 2009). " Because the inception of the initiative in 2008, there has been plenty of positive feedback Amazon. com has received regarding the frustration-free packaging. So for future financial planning, they could only hope that with rising popularity that more manufactures will also be willing to offer the same packaging. This is a " win win" situation; the manufacturer saves on packaging material whereas Amazon.

com offers an expedited service. Impact on Cost Amazon. com's frustration-free packaging saves on cost because most products that are frustration free can be shipped in its original packaging without having to be re-boxed.

Consumers will benefit from frustration-free packaging because this type of packaging is designed for the consumer to remove the product from the box without using box cutters or scissors. This type of packaging protects products just as well as traditional packaging. The less materials used in the packaging, less money will be spent from the company.

Frustration-free packaging is an initiative by Amazon. com to help keep costs relatively low in packaging and shipping products to customers. Frustration-free packaging is designed for use without wire ties and hard plastic. In addition, this packaging is also recyclable. Amazon. com also saves money with this initiative because the company works directly with the manufacturer to package the products using frustration-free packaging.

Therefore, there is no additional work on Amazon. om to re-package the products. The company saves on costs by working directly with the manufacturer because less packaging materials are desirable and Amazon. com can simply ship the product to the customer in the frustration-free packaging the product already comes in. Impact on Sales Frustration-free packaging allows products to be shipped in the original box format, without having to be re-boxed. This should increase the sales of Amazon. com based on certain factors.

First, costs will be lower on their site, compared to other websites. Most companies charge extra fees for boxing products that are stored on shelves

in retail stores. With frustration-free shipping, Amazon can give the customers sort of a “discount” when shopping on their site. Second, with frustration-free packaging Amazon creates a better overall experience with the customers. “Amazon’s Frustration-Free Packaging initiative is part of the company’s effort to improve packaging, provide a better customer experience and create more environmentally friendly packaging options,” (StreetInsider, 2009).

These products are ready-to-go items, which makes it easier for customers to open the box. Once they experience this, the customer should think that an overall satisfaction with the product because of its ease of opening the package. This should create a better relationship with the customer, initiating them to return for future purchases. Finally, with frustration-free packaging, customers can leave feedback on the products boxing. This helps Amazon create an even better experience with its customer base.

Based on the feedback, Amazon and other manufacturers can use this information to make better decisions on the type of boxes that are used. Bigger boxes costs more to ship, so in turn if companies can be smarter about the boxes they use, they can cut costs on their products and shipping fees. The whole point of frustration-free packaging is to create a better buying experience with the customer. With that better relationship, Amazon should expect to see an increase in sales. Risk associated with initiative and financial impact Frustration-free packaging does involve many risks. If anything, it is aimed at reducing the risk of injury that some of the extra packaging usually causes. A risk of losing business to collectors of certain

items, particularly toys, who believe that the product loses value, can present itself to the business. Amazon.

com does not anticipate any financial risk associated with frustration-free packaging; however it does off the following disclaimer: “ This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results may differ significantly from management’s expectations. These forward-looking statements involve risks and uncertainties that include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfillment center optimization, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, inventory, government regulation and taxation, payments and fraud. More information about factors that potentially could affect Amazon. com’s financial results is included in Amazon. com’s filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and subsequent filings (MSN Money, 2009).

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