Amazon vs wallmart

Business, Company

One of them is a sales Revenue Model where companies get revenue by selling goods, information, or services to customers. Like Amazon. com which sells books, music, and other products. Another one is e-tailer model.

It is close to the typical bricks-and-mortar storefront, except that customers only need to connect to the Internet to check their items and place an order. The value scheme of e-tailers is to provide convenient, low-cost shopping 24/7, offering large assortments and consumer choice. Some e-tailers, such as Walmart. com, indicated to as " bricks-and-clicks," are divisions of existing physical stores and have the same products. Others, however, exist only in the virtual world, without any ties to physical locations like Amazon. com. Before we going to analyze Amazon and Walmart. om using the value chain and competitive forces models, we suppose to describe these two concepts. Business Value Chain Model include:

- views firms as series of activities that add value to products or services,
- highlights activities,
- primary activities vs. secondary activities,
- regulate how information systems could advance customer and supplier disintermediation at each step of development,
- utilize benchmarking. Michael Porter's competitive forces model provides general view of firm, its competitors, andenvironment.

It also substitutes products and services. The model include customers and suppliers, moreover, it contains traditional competitors and new market entrants. Besides, five competitive forces shape fate of firm. Amazon. com started as on line bookseller, but has expended into a wide variety of media, electronics, and other general merchandise categories in support of its business strategy. Amazon's value chain includes primary and support activities. Primary activities are very important for business, because those needed to manufacture a product or services for the end users.

These activities typically include:

1. service: basically meant by after-sales support like user training, install applications, customer support and etc. ,
2. operations: manufacturing the product,
3. inbound logistics: receiving goods from supplier and storing those goods,
4. outbound logistics: sending goods to wholesalers, retailers or directly to the end customer,
5. marketing and sales: product needed to be sold to the end customer, to understand customer requirements and also to promote goods.

Support activities help to facilitate or assist the primary activities of producing product. There are four category:

1. Procurement: purchasing raw material and other items used in operations,
2. Human Resource Management : recruiting, hiring, firing, training, developing, compensating,
3. Technological Development : research and development, process automation, software, hardware, equipment, etc. ,

4. Infrastructure : may include accounting, legal, finance, planning, public affairs, government relations, quality assurance and general management.

As to Amazon’s competitive advantages from a value chain there are several strategies of development like strong technological infrastructure with a single platform, high investments intechnologydevelopment for example Kindle, the best leverage digital products, great product forecasting system, print on demand, constantly imploring suggestions on new products, easy and fast payment system, 24/7 operations, free returns within 30 days. Amazon. com competes with product specific retailers; online marketplace and mass merchandise retailers.

This creates an environment of intense competition and requires Amazon. com to differentiate itself uniquely based on the competitor. Let’s try to consider a Wal-Mart position from the competitive model as well. Competition among rivals is fairly weak. The market is crowded but Wal-Mart has the lowest costs, prices, profits, and market share. The warning of substitute products is also weak. Wal-Mart exerts a great deal of effort in making sure they are innovative and meeting customer requests. The bargaining power of suppliers is weak as well. For most producers, Wal-Mart would be their largest account.

The bargaining power of buyers is also weak. There is a very broad base of customers and a meaningful demand for low prices. The threat of new entrants is weak. Wal-Mart has a scale of operation that is very important, it would take years, maybe even decades, for a new company to be on the same level. Even prominent companies today would have really difficult time matching the costs and prices Wal-Mart provides. A more sophisticated analysis of Wal-Mart’s internal value chain shows that Wal-Mart is hold in esteem to technology and was the ? rst merchant, which uses bar codes.

It also uses satellite connections to communicate with all its stores. Moreover, Wal-Mart has integrated its POS, inventory-control, RFID, and other logistical technologies to haste product delivery, improve security and decrease costs. Besides It has developed regional obtaining centers in addition to its legendary center in Bentonville, Arkansas. Wal-Mart even has one in Shenzhen, China. Merchants set up satellite of? ces next door to the most suitable procurement center. Because Wal-Mart is a retailer, not a manufacturer, its external value chain is extremely simple.

It deals with a variety of merchants and sells to customers. But the secret to discovering what makes Wal-Mart successful in studying its internal value chain. We should mentioned Walmart's competitive advantages from a value chain perspective. First of all it is a distribution capabilities: well-organized distribution, leadershipof Walmart’s own distribution centers and “ inside-out” location strategy. Second, is partnership relationship with merchants: integrates suppliers via IT ; treats them well in terms of pricing, they are more business partners than “ value takers”.

Third, is advanced data mining: dynamic group and usage of customer buying behavior report. Forth, workforcecultureand EDPL: customer-oriented workforce interested through substantial monetary contribution and belief in Walmart’s culture. And that’s not hard consider the fact that Walmart is almost 50 years old. Wal-Mart’s business strategy is to provide “ Every day Lower Prices” or EDPL for all its products and services. Their organization, company culture, and supply chain management all support and emphasize this business strategy.

Also, Wal-Mart use strategy of managing costs which include: budgeting payroll cost, saving on business travel cost, investing in technology, eliminating unnecessary costs. Another strategy that we have to mention is a strategy of managing growth, which consists of location and acquisition. And the last one called strategy of managing people resources. Every company that wants to be successful supposes to pay attention to this strategy as well. Internal promotions, employee motivating and external recruitment are the main components of this strategy.

By implementing these three important strategies successfully, Wal-Mart has become from a single store to the biggest retailer in the United States and the biggest company in the world. The cost management strategy of Wal-Mart was created an operational model with the lowest cost which was increased the ratio of profit on the financial reports. Products found in Wal-Mart stores are not considered to be a high-end, luxury, or fashion oriented. Because their strategy is being a low price leader. Wal-Mart aims to provide a wide variety of products under one location for a low price.

Wal-Mart stores also carry their own private labels that compete on price with national brands. Moreover, the growth management strategy had hauled Wal-Mart into the right direction of investment and expanded radically around the distribution center. However, the people management strategy motivates all employees to work more efficiency and generates a great workplace environment which full of self-improvement, competition, and respects. It also provides a chance for people to build-up experience from the low-rank position to the high-rank position.

Consequently, strong management in these three strategies had transformed Wal-Mart into the biggest company in the world with the highest number of workers worldwide and had also provided benefits to millions of people around the world by transferring avoidable cost into low-cost products. Now we are going to consider the management, organization and technology factors that have contributed to the success of Amazon. Firs of all, Amazon is convenient and easy of use. It has a large selection of different items, unlimited virtual shelf space and wholesale relations, so you could find any product for acceptable price.

The service is high performance, which could be proven by high speed and reliability. Customers are kept informed well about new products and the system that provides shipping makes the process fast. Also, Amazon use innovative technology, which contribute development and support of all system in whole. For short time Amazon. com became a well-known brand with cross promotion, high advertising, co-branding and publisher relations. Amazon. com is also famous for its large community where customer and author reviews post. It has a great gift policy for customer like bookmarks, notepads, cups, etc.

Amazon arranges promotions where customers could collaborate with famous authors. The site has a large customer database with personalization pages, which contain extensive customer profiles. It also has recommendation pages, which help other readers make a right choice. Amazon has a high trust for their users because of guarantees and return policy. Great customer service is also promote trust of users because of superior service reps, easy search, email confirmation, extended service, extensive subject index, ability to order before publication. By the way Amazon has good cost structure.

Besides low prices it has fast, reliable and inexpensive shipping. Amazon and Wal-Mart using e-commerce is a fascinating combination of business models and new information technologies. Wal-Mart's impressive growth in such a short time and perhaps the most important factor in it's rise was their exploiting of the dominance of e-business, e-procurement, and the modification of internal processes to maximize it's benefits. In compare with others companies, Wal-Mart transformed supply chain management by using a sales revenue model where customer requests satisfy by wise variety of goods.

Inventory control is perfect improved and purchasing trends are available to sellers, whom nowadays must be able to respond as quickly as possible to the needs of millions of customers. To decentralize the procurement was a great business decision for Wal-Mart, that helped simplify the process for employees in every store immediately order the applicable stock automatically, which is require prompt turnout of product from the suppliers. This fast replenishment system, attached with perfect purchasing forecasting, helps Wal-Mart reduce overall costs.

Wal-Mart's power as a giant in business has helped in establishing new standards for B2B e-commerce. Wal-Mart's approach of cutting costs at all costs resulted in them deploying EDI over the Internet to eliminate the costly VAN altogether. EDI over the Internet (EDI-INT) uses a new standard called

AS2, acommunicationprotocol that attempts to make EDI communications over the Internet both secure and reliable. By mandating their suppliers to use AS2, Wal-Mart leads the way in creating a demand for a new generation of EDI, and in turn drives the whole world of e-business advancing.

Amazon’s e-commerce business model Amazon started as a store that focused primarily on books and music. It quickly expanded to other sectors and now sells products in nearly every segment – apparel, home improvement, groceries. In addition, Amazon has expanded from a Business-to-Consumer (B2C) only store to a mixed model with its corporate account functionality that focuses on business customers. Added to the mix, is the Amazon marketplace – Amazon's answer to eBay, which allows merchants to list their products and customers to purchase from merchants while using Amazon's e-commerce platform.

As a provider of e-Commerce software to mid-market, we use Amazon as a reference for the features it has on the web store. Some of these features not easily found on other sites include the ‘ 1-Click Ordering’, ‘ Customer Viewing’, ‘ Recently Viewed Products’, ‘ Keyword Auto-fill’ on the product search, ‘ Your Personalized Store’, and ‘ Items to Consider’. While some of these features are relatively easy to implement e. g. ‘ 1-click Ordering’, others are not so easy and demand an advanced platform. But selling goods isn't the only way to makemoneywith Amazon. com.

The Web site's affiliate program is one of the most famous on the Web. Through Amazon's Associate Program , anyone with a Web site can post a link to Amazon. com and earn some money. The associate can also take advantage of Amazon Web Services , which is the program that lets people use Amazon's benefits for their own purposes. The Amazon Web Services API (application programming interface) lets developers access the Amazon technology infrastructure to build their own applications for their own Web sites. All product sales generated by those Web sites have to go through Amazon. om, and the associate gets a small commission on each sale. On the flip side, Amazon seems to not have kept up with the Web 2. 0 and Web 3. 0 user interface improvements and for most part still incorporates Web 1. 0 technology which means – you still need a mouse click to view a product as opposed to being able to see product details with a mouse roll-over. Amazon could use a make-over to make for a brighter shopping experience. For my opinion Amazon’s e-commerce business model is stronger than Wal-Mart’s e-commerce business model because E-commerce is Amazon’s core mission and environment.

Amazon started with a store that was properly feature-rich for its time and has gone on to strengthen that foundation. Today, it probably defenses as the leader in terms of the richness of its e-Commerce features, product breadth, personalized recommendations and depth of content available across e-commerce sites. However, there is a need for Amazon to offer a simplified and trendier shopping experience as an alternative which many other sites now offer. I don't think Wal-Mart will replace Amazon any time soon, if ever, but it gives them a good shot of increasing their overall Web penetration.

Amazon's value proposition until now has been a broad assortment. This enables Walmart to compete with other companies with big assortments. I would prefer to make my internet purchases at Wal-Mart because this company has a great experience and long term history. Wal-Mart exists almost 50 years, Amazon is a brand new, successful but still doesn't have that experience that Wal-Mart does. Some reviewers have actually built their following on Amazon. com with good quality reviews.

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