

# Zappos case

[Business](#), [Company](#)



1. Zappos transformed the shopping experience by providing online marketplace and making customers comfortable buying shoes in the internet. The core competency which distinguishes Zappos from competitors was a focus on service (it was service company selling shoes). The following sources of competitive advantages allowed the company to gain and maintain this competency: fast web-site providing extensive online product information; free rapid delivery of products; free 365 day return policy; free 24/7 call center with well-trained operators whose primary goal was customer loyalty; excellent supply chain operations with communication through web-interface system. Corporate culture has a strong influence on all aspects of the business, including core competencies. In fact, core competencies are developed based on culture. To WOW everyone they come into contact with, including customers, employees and partners, was part of their culture. Zappos was successfully doing everything to sustain it by improving website, call center, distribution warehouse operations, etc, which proves that its core competencies are well sustainable. . If it is really of a value to the customer, it is important to the customer experience, because it is a sign of excellent service and WOW customers. However, if the customer doesn't need it, the cost of shipping will not cost the perceived benefits of faster delivery. As we have seen, the customer satisfaction decreased, if the customers didn't receive a purchase overnight, even though they didn't need overnight delivery but it was promised by Zappos.

Considering cost-conscious environment, I would recommend Zappos to provide the customer a choice for method of delivery. Zappos could provide ground delivery, as usually, for free. But, if the customer really needs faster

expedited delivery, he/she should pay for transportation cost. 3. I wouldn't recommend Zappos to make any big expansion plans, taking into account difficult economic time and the company's limited budget. Zappos could add new complementary products to the shoes, but not drastically different kind of products.

The geographic expansion was too costly and risky for the company at that time. Zappos had experience of international expansion, but the challenges and costs of replicating the business model abroad was inadmissible. Selling own-brand products is not a good option, because it would go against Zappos' strategy of providing a broad choice of popular world brands. Instead, the company should focus on retaining and gaining new customers in the current markets, e. g. by providing loyalty cards or coupons. . More cost-conscious shoppers would try to find the best deal searching for the same product and comparing prices at different web-sites. Therefore, the first option for Zappos is to constantly monitor prices of competitors and set its prices equal to them in order to make sure that the customers don't pay more buying from Zappos. Even though the prices will be the same, Zappos would attract and maintain customers with exceptional service (free delivery, 365 day refund policy, 24/7 call center, etc. . Also Zappos has to improve supply chain operations in order to cut costs. After that, the second option is to experiment with a price (test marketing) to see what prices consumers are willing to pay for products which are provided with such exceptional service.

5. Amazon wanted to become a partner with Zappos due to several reasons. The benefits from this deal for Amazon were clear: eliminating growing

competitor in the shoe market and gaining a leadership position in an apparel category.

In the beginning Zappos maintained an entirely separate operation from Amazon: its own fulfillment center, inventory management, payment system and web-site platform. But in the following years, there have been moves toward integration with Amazon: 2011 - integration with Amazon's warehouse management system; 2012 - handing warehousing over to Amazon. Now we can see Zappos selling at the Amazon web-site in the apparel category. Zappos is making some part of the inventory available at Amazon through Amazon ProductAds, but not through the 3P marketplace (so called Selling on Amazon).