Yahoo and amazon: building a competitive advantage research paper sample

Business, Company

In 1994, by Jeff Bezos instituted Amazon. com Company and launched in 1995. Bezos made a list of several products that he thought were greatly needed by the people around the world; it included magazines, books and music and then finally came to choose books over the others. He chose books because he knew that by that time, there were more book lovers compared to music enthusiasts since the book publishing are more accessible to the people. Him quitting his job in 1994, he chose to start his Amazon. com business in Seattle because of the book publishing houses that situated there. It is a Fortune 500 e-commerce. Amazon originated from being an online bookstore and then rapidly escalated to selling other goods such as music CDs, video games, DVDs, electronics, toys, furniture and even foodstuff. It is one of the first of the emerging companies that retails goods on the Internet. Undoubtedly, because of its success in pioneering shopping online, Bezos was named as the 1999 Person of the Year by Time Magazine. In over 160 countries, Amazon. com caters over 12 million customers. With Amazon's unusual business plan, they began to worry that it would not have a good profit for the range of five years. This growth made complaints from stockholders because the company was not able to reach and have profit fast enough that made them think that it is a waste of time investing in it. However, with the existence of the dot-com bubble, amazon was able to survive the destruction of many e-commerce companies. Surviving the destruction led to a growth in revenue and made Amazon a profit of about $5 million in a quarter with more than $1 billion revenues and a recorded increase of 270% in the following years. The success in profit gained proved that the model made by Bezos could really help Amazon. com to succeed.

The Marketing plan consist of current segment market, customer behavioral patterns, environmental scan and marketing strategies and its recommendations.

Amazons. com first thought of becoming the largest and widest provider or seller of books online in the United States. Two things very essential in this kind of business are the essentials and competencies. To start with, what will make a company spread and grow in different fields is the core competence. Secondly, it should be able to give the customers what is known to be the benefits of a given product. Finally, it should be non-imitable especially by upcoming rivals. Their goal is to be able to give everything the customers are looking for. If they are able to provide that goal, their consumers and customers would not have the reason to go anywhere to find what they need once they logged into Amazon. com. On the other hand, the company's vision is to function continually for the consumers and customers. With these mission and vision, Amazon. com can survive the online shopping world provided that there are a lot of competitors also making their name on the Internet world.

One of the strategies used by Amazon is diversification. Diversification includes different things like improvement in growth; desire to learn new technologies, generation of synergy scope, increase in market power, and desire to turn around a failing business that leads to high returns, risk reduction through investment. Also the following are essential in diversification: stabilization in earning and application of resources, core competencies and capabilities to related areas. In addition, they focused on: bringing the company to a technology company, pushing the company to different core skills selling services “ leading internet product provider” and lastly, grow the business to a Music provider and introduce a new product in the market called “ Kindle Fire”. Amazon made use of several methods in order to achieve the said diversification. First is the merging that occurs every time a two organization planned to combine into one. To form a strategic alliance, more than two companies should merge for a common purpose. Joint venture in contrary is when firms do come together but are planning to form independent legal companies. Ventures on the other hand, are created by Amazon itself; it is when the company has decided to launch new products and services to the market. Lastly, acquisitions, it is when a company buys a controlling interest outright from its owners or in the stock of another organization.

Amazon has two advantages, the size and the Kiva system. Given that there are many online retailers, if you combine all twelve retailers that follow Amazon in the list, still, Amazon is larger making it for others impossible to contest. The Kiva system, on the other hand, is acquired by the company in 2012 which utilizes robot system for their warehouses. Amazon also adopted the Boston Consulting Group matrix based on Industry growth rate and relative market share. This matrix is a way used by companies in order to effectively define how to distribute structural resources among diverse units and where to spend capitals.

Amazon also launched in 2002 Amazon Web Services (AWS) which permits access to concealed features on its website. Also, as part of their continuous development, it launched Amazon Simple Storage Service (Amazon S3) which can store up to five terabytes of data. There are a lot of computing services Amazon has launched in the succeeding years. The core technology which makes it continuously running is the Linux databases; 28 Hewlett Packard brand servers with four CPUs per node consecutively Oracle database software.

A multi-level e-commerce strategy is used by Amazon. It starts with focusing on Business-to-Consumer associations amongst itself and its customers followed by Business-to-Business dealings amongst itself and its suppliers. It then progresses to include Customer-to-Business dealings since the worth of customer reviews or assessments as part of the product descriptions is significant. In Amazon, each and every person in the world can post in their platform and sell anything and everything with minimal restrictions. Also, there is a program developed that enables partners construct an all-inclusive website centered on the platform allowed by Amazon.

On the other hand, Yahoo! Started at 1994 by founders David Filo and Jerry Yang. Yang and Filo were both graduates of Stanford University and studied Electrical Engineering when they changed the name of their program " Jerry and David's Guide to the World Wide Web" to " Yahoo!". They chose to change the name since it was a part of the expansion of " Yet Another Hierarchical Officious Oracle". Yahoo! Had 1 million hits even before it reached its 1st year and bought its domain. Come year 1995 chose to switch their site's URL and by that they realized that something is coming. They were given $3 million by Michael Moritz to be able to raise their capital for the merging. And then, finally they were able to start trading publicly in the year 1996. Among all the websites in the world, Yahoo! Ranked as 2nd to the most visited sites which are up for about 10years already. During the 1990s, there were many companies that inevitably growing as web portals. Yahoo! Mail originated from online communications group like Four11 with Web mail service named as Rocketmail; Yahoo! Games were originally ClassicGames. com; eGroups became Yahoo! Groups and by the end of the decade, the release of Yahoo! Messenger happened. Yahoo! change the terms of services of some company they get. During the dot-com bubble in 2000-2001, Yahoo! Skyrocketed to $118. 75 a share which then eventually made history in Japan as Yahoo! in Japan traded over ¥100, 000, 000, attaining a successful amount of 101. 4 million yen =$962, 140 as of this time. However, life is like a rolling tire, Yahoo! Experienced its lowest point being a victim of service attack. But of course, it eventually rose as the problems that happened were pinpointed to hackers. In January 2009, Carol Bartz substituted co-founder Jerry Yang as CEO, but was then dismissed by the board of directors in 2011 month of September; in this year, Microsoft had a merge with Yahoo!. Yahoo! Would be a sales team for promotion banners for both firms while Microsoft is used as a search technology.

Yahoo! Offers a lot of services such as communication tools, search services, branded programming, unlimited access to rich sources, shopping service, personalized content, and employment opportunities. Yahoo! Also was able to enhanced spam protection and customizable inbox as well as give consistent features in mobile, tablet and personal computers. Yahoo!'s main objectives are: to expand in the markets along with the competitors such as Google, to provide an Arabic version of both the Yahoo! Messenger and Yahoo! Mail. Also they aim to provide the best experience on the internet for consumers and a platform for advertisers across the Arab world. And lastly, their goal is to provide information and communication tools that will result to a positive impact in different aspects of people’s lives.

Yahoo!’s business model was to be a provider of information as well as become a search engine and make money by advertisements specifically banners in their case. It was just a hobby of Yang and Filo when they were studying and then it became a global brand recognized all over the world. It now results to many changes like as to how people find access online information and how they would communicate from people in different parts of the world. By the year 2010, Yahoo! Already has 500 million users and by the end of the year, had 13, 600 employees who worked full time. Since 2006, they had an excess of $6 billion in revenue. What made them successful is the uniqueness of their business model; Yahoo! was able to have secured funding even at the start that made them able to invest in different product improvements and development. Also, Yahoo was able to make their program simple enough for users to use and search through the internet with ease. Because of their user-friendly platform, it became grander with its competitors. Most of the employees of Yahoo! are talented and strong-willed which made it even stronger amongst its competitors. And lastly, Yahoo! was able to utilize advertising and yielded a lot of money by this alone.

Yahoo!’s then marketing strategy, based on three distinct messages: “ We are fun, wacky and easy to use” that is for those consumers who might use Yahoo!; “ We are professional and well run” for those press and financial analysts; and “ We are market leader and experts in online advertising” for those media buyers. With these, Yahoo! became popular and increased the number of their consumers. As they mature, Yahoo! was able to go on with the “ minimalist” approach in their chosen design for the website that makes their pages load as quickly as possible. They also design partnership strategy as well as acquisition in order to heighten their functionality however they avoided some mergers like the big ones. Yahoo! did not choose to sell goods directly and rather offered storefront for e-commerce merchants. An advantage of Yahoo! over other websites such as Amazon is that it does not use an account given that it only focuses on electronics facilities maintained mainly by their advertising income. For Yahoo! to be continually used by people, it must keep providing customers with personalization tools. Also it must give a chance for more communication services as well as commerce. Yahoo! Can offer their customers live on-line dealings and people may watch these activities. Yahoo! Also makes itself a communication medium that provides a free e-mail service as well as message boards and chat. It also developed to become part of the business arena wherein they provide the lists or directory of almost all e-commerce sites. Yahoo! Was able to spread globally reaching over 21 non-US marketplaces in the Latin America, Asia and Europe that has all localized versions with different choices of language to be used. However, the slow speed of trade venue in foreign markets and adoption in the Internet as a promotion made it difficult for Yahoo! to execute its business model.

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