

# Executive summary of amazon



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BUSTER**

Amazon. com is a customer centric company. They put more effort in improving their system to make the experience of customer more comfortable so that he keeps on returning to the website. Jeffery Bezos who is the founder of the Amazon. com started this company after seeing the use of internet increasing rapidly. The company was started in year 1994. Bezos started operating the business from a small office in Seattle and the website was launched on internet in 1995. The main focus of Bezos was to change the experience of buying a book from the internet with more enjoyable service.

This concept proved to be so successful that it became the most successful online business. Amazon. com till date has gone through many ups and downs. It has been registered as the largest customer base with yearly sales of billions of dollars. Now Amazon. com offers very wide variety of products. Anyone can buy any products of almost any brand. Their company went through a tough time in between when they were trying to compete with competitors like Wal-Mart and eBay. But they were able to come out of it but improving their services according to customer experiences.

They improved on their strengths and worked on weaknesses so as to make the customers experience more enjoyable and interesting. Corporate Culture “ We’re not always asking ourselves what’s going to happen in the next quarter, and focusing on optics, and doing those other things that make it very difficult for some publicly traded companies to have the right strategy. ” (Jeff Bezos) “ Culture eats strategy for breakfast. ” (Sramana Mitra’s book, Entrepreneur Journeys) (Ina Steiner. (2009)) The corporate Culture of amazon. com is to some extent different from other companies.

When Benzos started the company he didn't try to follow any other company's culture. Normally companies like to hire People who are experienced and are not fresh outs from a university or college. But Benzos followed a different approach. He usually used to employ people who don't have experience and are fresh outs from college and universities. And Benzos is following this culture till today. In the starting period of the company, Benzos didn't like to follow the common business practices. And because of this, there were bad decisions which were made. But in spite of all that amazon. com has grown and has made a brand name for itself.

The main reason for that was the vision of Benzos and hard work from other people. And other thing is company's timing was perfect, as it started at the start of the dot-com bubble. Amazon is " selling other people's products, or more specifically, figuring out the best ways to sell other people's products," says Brent Frei of Bellevue (Gregory T. Huang. (2010)) According to a former Microsoftie, " Kindle is a means to sell other people's books. Mechanical Turk is a way to improve data around selling other people's stuff. They rarely have a product line that is competing with another product line that prevents innovation. " (Gregory T. Huang. 2010))

Benzos in on of his interviews describes the focus of amazon. com on the management of the processes and different strategies. Benzos thoughts about the future are as under - normally people think about things which will change over time but he says that we should concentrate on those things which never change. Example, customers want a variety in goods, not high prices, etc. And after 10 years it will still be true. According to Benzos a company should not competitors focused but customer focused. The main

reason for this is that internet is changing rapidly and therefore it is very important to keep customer oriented approach.

And in this way you always try to find different ways to satisfy the customer no matter your company is on the top or not. According to Bezos, the company tries to solve a very hard problem by understanding how can they serve the consumer better and thus try to convert the problem into straight forward problem. When Bezos started his business, there were different reviews about this business like they say that they don't have their own products but they sell other companies products, so they are a hindrance to innovation for other companies.

There were many negative reviews about the company being posted on their website but Benzos wasn't concerned about those comments. Acc to Bezos, amazon. com doesn't make money when they sell, but they make money when they help customers in choosing the product they want to buy.

According to Bezos, as the company grew from nothing to a successful organization you not only figure out how to do but what to do. And this happens as the company grows from a one many company to large company. So as the company grows bigger you figure out different ways to convince consumers. (Gregory T. Huang. (2010)) Industry Analysis through Porter's Five Forces

Porters five forces will help us in analyse the industry amazon. com is in. Five Forces which will be analysed will be • Threat of new entrants • Bargaining power of suppliers • Bargaining power of buyers • Threat of substitute products • Intensity of rivalry among competitors Threat of new entrants

Threat of entry is either low or medium. Amazon started as an armature firm and by gaining and getting partnership of different firms amazon. com come a long way to get to the position it is now in. In all these years amazon. com has been working with commission based websites and in the process there are so many technology developments.

For some other company to establish that requires relationships with big companies. And also new entrants will require huge investment and a proper strategy to compete with the other party. So therefore companies which are new in the market will have very tough time because of the requirements and capital involved. Amazon when came into the market, there was no other company with online business but now if any other company wants to enter the same market it will be tough competition because there are many other companies which are trying to do the same thing.

EBay and Wal-Mart are competitors of Amazon, because they are only targeting niche markets. Like eBay is concentrating on auctioning markets only and Wal-Mart using their website for minor purposes but no shopping or other such things from the website. And therefore Amazon has a real chance of concentrating on those areas of e-commerce market which are not been used yet and there will be only small players who will be competing.

(Thinking Made Easy. (2008)) Power of suppliers and buyers and Threat of substituting existing product There is a very low threat of Supplier' and Buyer's power and low for substitutes of product as well.

As there are not many online sales for retail industry therefore firms like Amazon in this industry have an advantage. These firms offer technology

and internet to the retailers. And there retailers have a global exposure. There the firms which have online business are very beneficial customers for suppliers and especially those who deal with products which are sold in global markets. The customers, whether they are merchants or pure buyers who use the same technology, are not connected to each other. Therefore their individual purchase is not that useful to firms but their online sales decisions depend upon the firms' convenience.

And therefore the switching costs are very dear for the customers and there for very have to purchase item when they need. There fore the threat for a substitute is not that intense but can't be ignored. (Thinking Made Easy. (2008)) Competition between different firms The competition between rivals can be very high or can be medium as well. There are many competitors in this industry who try to capture markets either through starting from one segment of the market or my trying to cover all the areas of the market. Amazon is a diversified company. The high storage costs of storage of inventory in the warehouse, firms charge a lot of money.

Therefore firms sell suppliers products online due to which switching cost for a customers decrease by a huge amount. The firms with online business are slowly eliminating middle people like suppliers, retailers because firms want the money which goes to suppliers to add up to their own profit. The new entrants in this industry basically concentrate on niche markets to start with some market share. Big firms compete with firms like amazon. com and make alliances with Google and yahoo so that they can get more knowledge about the market. The strategies in this rivalry between different firms are considered very valuable.