

# Amazons swot analysis essay



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Amazon is a global firm in the online retail industry. The firm focuses on four principles in its operation including long-term thinking, passion for invention, commitment to operational excellence and customer focus (Hill & Jones, 2008, p. 123). The essay will analyze the SWOT analysis of Amazon to understand the strengths, weaknesses, opportunities and threats the firm faces within the market.

## **Amazon Strengths**

Amazon is customer centric. Its processes focus on recording consumer's purchasing behaviors hence offering consumers the most preferred items based on their search preferences. The trend has enabled Amazon to have over 50% of its consumers being repeat clients. On the other hand, Amazon has a wide range of products for its consumers. It, therefore, manages to reach out to a huge number of clients as well as satisfy their needs through its product mix which is a competitive advantage among other firms in the market.

## **Amazon Weaknesses**

Amazon an online platform to market its goods and competitors can easily create accounts to monitor how the system works and build similar or more developed sites for competitors thus been a challenge for Amazon. The firm has various warehouses in various locations around the world. The warehouses, however, require maintenance costs which include the salaries of the personnel working in them and the overhead costs thus making Amazon incur extra costs to allow the firm to offer efficient services and timely deliveries (Bury, 2016, para 9).

## **Amazon Opportunities**

The company has the potential to expand internationally into the developing and Asian countries where it has low usability. The markets are not as competitive in e-commerce as the UK and US markets hence they are potential target markets for Amazon (Hill & Jones, 2008, p. 123). The firm is also planning to replace its warehouses with robots and drones which will reduce its operations costs (Wingfield, 2017, BU1). The e-commerce market is characterized by both genuine and counterfeit products. As a firm, Amazon has the opportunity of ensuring it offers all its clients genuine goods to have a competitive advantage over its competitors whose products are counterfeit.

## **Amazon Threats**

The market is open for any firm willing to start a similar business hence low entry barriers. Amazon is therefore threatened by many competitors each time that shrinks its profit margins over time. It is also an online business that has the threats of cybercrime where hackers could interrupt with their

website that can lead to the systems shutting down and the firm making huge losses from the cyber crime attacks (“ Millions risking cybercrime by storing card details on sites such as Amazon and Tesco”, 2016, para 2).

Additionally, the business can easily be replicated thus making it a threat to Amazon’s business due to lack of originality in the business model used.

In conclusion, Amazon strengths include having a strong market brand and being customer centric. Its weaknesses are incurring high maintenance costs of the warehouses and having a business model that can be easily replicated. The opportunities include expanding internationally and ensuring all products from the firm are genuine, unlike some competitors who offer counterfeit products. The market threats Amazon can face are huge competition due to a low market entry barrier and cybercrime attacks. The firm needs to ensure it periodically evaluates its SWOT analysis to re-strategize its plans and succeeds in the market.

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