

Swot analysis of amazon

Business



A recent report about Amazon has shown the company is seeing fewer profits than expected. This report affects Amazon in several ways, but the company has many strengths, opportunities, and threats (SWOT) barking at its virtual store door.

Strengths: a monopoly

Amazon is a retail giant. It's a monopoly in its own right. It offers fast shipping, made faster when you subscribe for their Prime membership — plus video, music, photos, reading, and many discounts. These offerings make Prime membership (lower cost to students) appealing to consumers many ways.

Additionally, Amazon has strong brand power; people know it by name and use it for discounts, low shipping rates, and product selection. Amazon also has a low-cost structure, as third parties sell through the site and Amazon sees profits.

Clearly, they're heavily consumer focused as their mission statement clearly points out. But this focus has come to bite them this quarter.

Weaknesses: shipping costs

Amazon offers amazing shipping. It can be the same day or within the next hour. This demand to get products lightning fast is wreaking havoc on Amazon Inc, leading it to have its lowest quarterly profit in years.

Amazon opened 23 warehouses worldwide and were not anticipating the heavy costs associated with managing them. This decision was to

accommodate the large holiday orders they're expecting for Thanksgiving and Christmas.

They're still investing into the company, and representatives say because of this, no one should expect to see linear growth from the company at this time.

What's more, this report and headlines suggesting Amazon's lowering profits, plus adjusting their expected revenue for the year's end, are spooking investors.

Amazon offers a lot, but do people really need it all? They may be stretching themselves too thin by creating new offers — warehouses, planes and branded trucks trailers, plus the additions on Prime membership.

Additionally, who is Amazon? They have no physical presence. Amazon built trust with their reliability and fantastic shipping options, but people also like to put a name to the company face. It builds a stronger relationship with their customer base, but Amazon keeps to themselves in this regard. Not only that, but it limits their expansion ability.

Opportunity: grocery buying

Amazon is putting efforts into building their monopoly. Considering the e-commerce market is increasing substantially in the coming years, Amazon will be far beyond the competition at this rate.

Furthermore, they have the ability to expand their grocery sector. While keeping foods fresh will increase costs, more consumers are purchasing their

groceries online. If this trend continues, Amazon is a good place to dominate this section of business as well.

Threats: data breaches

Competition-wise, the only corporation close to affecting Amazon would be Walmart. They're moving towards stronger efforts to be the leading retailer. But Walmart's reputation for low-quality products, mixed with its backlash for treating its employees poorly, negatively affects the company in ways Amazon has yet to feel.

But as Amazon is an online retailer, data breaches are inevitable. More DDosing (overcrowding a server until it crashes, making it unreachable) is occurring. In fact, it was only recently that a mass DDosing attack hit big names like PayPal, Reddit, Playstation Network, and more.

When a site goes down, the company loses revenue each minute the site remains offline. Amazon would be negatively affected by both data breaches and DDosing attacks.

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