

Amazon case essay sample

[Business](#), [Marketing](#)



Why is Amazon building more warehouses as it grows? How many warehouses should it have and where should they be located?

Amazon is building more warehouses in order to: Decreases transportation costs which I assume is very high since it's a global online company; decrease response time to its customers by delivering the good fast and increasing the customer experience/service. The most important aspect why a company like Amazon builds more facilities is also to try to decrease total logistics costs. However, Amazon should not exceed the number of facilities that decreases the total logistics costs otherwise at a certain point response time will start increasing. They should have warehouses next to their main target markets; choose strategic location based on road facility access etc.... in order to minimize their total logistics costs. Should Amazon stock every product it sells?

Since Amazon tends to have many facilities thus they also have high inventory levels and costs. Thus they shouldn't store all products they have. In my opinion Amazon should use both Push and Pull process in order to minimize their level of inventory costs. In fact with a Pull process cycle, Amazon will only place the order from their supplier when the customers places theirs. This process should not be used a lot since it could decrease Amazon response time to deliver the product but it should be used at a point where it could minimize inventory without impeding that much on response time. On another hand, Amazon should use push process more in order to forecast the demand accurately and to get in its inventory exactly what is needed in order to not have overstock products which will increases inventory costs.

