Online shopping: disruptive innovation by amazon

Business, Company

Online Shopping:

Introduction to Innovation:

Disruptive innovation according to Clayton Christensen's Theory is that " a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors". A disruptive innovation considers customers who belong to the lower level of the market and not just financially strong group and one of the best example for Disruptive Innovation could be Amazon. (Christensen, 2018)]

Amazon is an American e-commerce and cloud computing company and has been named number one in corporate reputation. It's a customer centric e-commerce company, where all local as well as established product based companies sell their products (FARFAN, 2018). Amazon is a Disruptive Innovation as it all started as an online platform for ordering books and after close analysis and study of customer requirements and expectations it had a rapid growth in market by selling clothes, accessories, electronics and the current highlight is Amazon Prime where we are able to stream movies, this move has displaced many small scale retail shops as people prefer to purchase their goods online due to lot of advantages Amazon offers to customers like discount, festival offers along with return or replace option if product is not meeting customer requirements or quality is not up to mark. (Christensen, 2018)Exploration of Adoption Category: The Five Categories of Innovation Adopters are:· Innovators· Early Adopters· Early Majority· Late Majority· Laggards

Innovators:

Innovators are the ones who are ready to take risk and have strong desire to be the first to try technologies or products. As Amazon poses perspectives of seller as well as customers, innovators would be from both these sides. Customers or consumers are the ones who will be waiting to purchase items using the ecommerce site as soon as it is launched. Sellers are the people who would use such sites to expand their business and reach a wider audience. The three important characteristics of innovation are Relative Advantage, Trialability and observability.

Early Adopters:

Early Adopters are the people who depend on social norms and also checks weather the product benefits them rather than simply buying the product like Innovators. In customer point of view, people purchase the product based on trend. In seller point of view, they are people who get to know about the customer needs based on that they sell their products in order to attract the customers to buy their products. The three most important features of innovation are Compatibility, Trialability and ObservabilityEarly Majority: Early Majority people gather a lot of information about the products based on that they weigh the pros and cons of the product and make decision on whether to purchase or sell the product. They will get suggestions and feedbacks about the product from Early Adopters. Early majority comprises of buyers and sellers in terms of amazon, sellers intend to use the technology to widen their customer base whereas customers want to be open to products from worldwide. The three important characteristics of Early Majority are Compatibility, Trialability and Observability.

Late Majority:

Late Majority are the consumers who adopt new products out of social pressure. They are the people who have low income or old people who face difficulty in adopting to anything new. These customers use amazon due to the adoption pattern and not because of its use or after understanding the need. Sellers are people who utilize the opportunity to expand their company by selling their products worldwide. The three important characteristics of Late Majority are Compatibility, Trialability and Observability.

Laggards:

Laggards are the last to adopt a new technology. They are the ones who are forced to adopt new products or technologies to replace existing traditional products. They are more focused on old and easy to use technologies instead of accepting the new challenging technology. They are only in contact with family and friends that's why they are unware of outside community. The three important characteristics of Laggards are Relative Advantage, Complexity and Compatability. (Ledger; ROSEMANN, 1962)

Retrospective Analysis of the selected innovation:

Evaluation of their Design:

Ex Ante is a methodology used to review the product before it is launched in the market whereas Ex Post is a technique followed to review the product after it is launched in the market. Ex Ante and Ex Post phase follows a set of methods like Artificial and Natural evaluation techniques using which we can evaluate the technology Amazon which acts as a platform for customers which involves consumers and sellers. These methods are used in order to develop the utilities and products.

Ex Ante Natural evaluation techniques for Amazon includes promoting brands through first come approach where they can initially prioritize startup companies who have new innovative products and technologies that attracts the consumers to purchase the products online and also helps in expanding the platform Amazon and promoting its brand value. In addition to this, Amazon can prioritize the list of products or technology based on the positive and negative feedbacks given by the consumers. If the feedback provided by the consumer is positive, these products can be recommended to the consumers in the Amazon platform where they purchase that product online as majority of the people rely on the reviews of the products before buying the product. Ex ante, Artificial Evaluation technique for Amazon can perform computer simulation where they test the website to check whether the functionality is running smooth and also they test the quality of the platform before launching them in the market.

Ex Post Natural evaluation techniques for Amazon run a survey by asking a group of consumers about the pros and cons of the website, the quality of the product weather it satisfies the consumer needs and also consumers of all classes are able to buy the products depending on their price ranges. For Example, the consumers purchase their products based on the reviews and feedbacks provided by the other consumers who visited and purchased the product in the website. Depending on the feedback the consumer decides whether to purchase the product or not. The Amazon allows the companies to sell their products worldwide which helps in the growth of Amazon. In Ex Post phase artificial evaluation techniques for Amazon where they analyze the consumers' data who have purchased the product and get customer

feedback and reviews. If the consumers are not satisfied with the service then their money can be refunded accordingly and issue can be rectified. The reasons provided by the consumers for their return of products will be notified to the sellers who in turn will perform experiments and test to improve the quality of their products so that consumers won't face the same issues while purchasing the products online.(Venable, Pries-Heje, & Baskerville, 2012)

Evaluation of original Entrepreneurship and Start-Up Potential:
Strategies that are to be followed in order to improve and expand the technology Amazon: Providing a Quality Customer Service to the Consumers:

For Amazon, through the self- service FAQs and help desk we are able to resolve the queries of the consumers and it answers queries about the quality of the product, it offers option to return or replace the product if not in good condition when purchased and also helps in tracking the package. Another advantage in FAQ is that we don't need to hire any employees for resolving the queries it is all done online. In addition it also provides an alternate option where the consumers can reach out to the customer support. The callers are available 24/7 waiting to provide solution for the problem. The consumers can talk with the caller and clarify his queries related to the product directly. This is all done for providing a quality customer service to meet the customer needs.

Promote the connection between Consumer and the brands:
Amazon gains points for supporting the consumers when they are facing issues with the seller's products or in delivery process. The company Amazon

develops relationship with the sellers and their brands in order to know more about the product being sold to make sure if it meets the consumers expectations. The company can provide a platform where upcoming entrepreneurs can establish their brands by selling new products that are trending and attractive for consumers to purchase online. If more consumers purchase the product their brand will become popular and highly recommended in the market and which in turn generates income.(McorpCX, 2002)

Depending on the customers satisfaction the innovation keeps expanding:
In 1994 Amazon was the first to introduce the idea of buying things online. The consumers had no idea whether to trust the website and purchase products online this was achieved by the Amazon technology as it mainly focuses on customer service. Amazon first started by selling books later it expanded by selling other products like clothes, accessories by analyzing and thinking in the consumer point of view. They did not stop their innovation instead they introduced services like Amazon prime and Amazon Music where consumers can listen and watch the latest movies and if they are member of Amazon Prime they can get the products delivered within a day. All these attracted the consumers which helped the company to expand and to be known worldwide. The company has created an own hardware called Amazon kindle e-reader. Amazon is still blooming only because they are not agreeable with their success. As consumers expectations will keep changing based on the trend so depending on their needs and expectation new innovations are to be launched.(McorpCX, 2002)

Amazon has benefited a lot from Business Analytics. As analytics play a vital role in both risk and promoting strategy. Amazon uses consumer data to innovate new ideas in order to create a culture of analytics that spread throughout their business. Some of the analytic strategies used for designing Amazon are: Objective of Business Analysts to be cost friendly: Organizations must be aware of analytic strategy in order to avoid flaws like wasting huge amount of money for features which are not preferred or used by the consumers. Business intelligence is used to avoid costly mistakes within the company. In startup environments where financial constraints are quiet common, it is necessary to avoid investing on features that are not in line with the customer expectations and requirements.

Resolve a problem based on customer satisfaction:
Amazon recommends the products which interest the consumers based on their previous purchase history. For example they collect information related to the consumers and analyze their data where they get to know the consumers' requirements or products which attract them based on that they recommend products. If the consumers are not interested in those products they do not promote or recommend those products to the consumers as it does not benefit the consumer. A new approach called Touch point to analytics where it keeps tracks of the customer touch and clicks while using the application or website. Based on the analyses of customer visits on each features and pages, conclusion can be drawn on what needs to be improved and rectified.