

Situation analysis of amazon company

Business, Company



Amazon is an electronic commerce based in Seattle, Washington. It was founded by Jeff Bezos a former wall street hedge fund executive on July 5, 1994. Amazon is the largest internet retailer in the world based on its revenue \$51.04 billion vs. \$49.78 billion, as estimated, according to Thomson Reuters. Bezos had few business ideas; however, after doing some research, he determined that books would be the most reasonable product initially to sell online. Amazon.com was to deliver any book to any reader anywhere. Amazon is not the first company to sell books, however it is the first one to reach its customers by delivering books to any reader.

- The company did grow fast, attainment 180,000 customer accounts by December 1996
- 1,000,000 customer accounts in October 1997 after its first full year in operation
- Its revenues jumped from \$15.7 million in 1996 to \$148 million in 1997,
- \$610 million in 1998. Amazon's success boosted Bezos to become Time magazine's 1999 Person of the Year.

Consumers

Amazon's online services gained its customer loyalty and ultimate success. Its personalization tools suggest other products to purchase based on both a customer's purchasing history and data from buyers of the same items. The bulk of Amazon users, 53 percent, are 19 to 44 years old, Goldman says. That compares with 37 percent of the population.

Product and Service

Kindle

The invention of Kindle was revolutionary in the electronic book market which allows readers to download, buy, and browse via Kindle store.

Five years later, Amazon launched Kindle Fire which was estimated to constitute 50 percent of the tablets sold that used Google's Android mobile operating system.

Amazon prime

Amazon prime is a paid subscription service offered that gives users access to free two-day delivery streaming music and video like:

- Prime Music (For music)
- Prime Video
- Prime Reading
- Prime Now (For fast delivery).

Other products and services (AmazonFresh, Amazon Prime, Amazon Web Services, Alexa, Appstore, Amazon Drive, Echo, Fire TV, Amazon Studios, AmazonWireless).

Partnership

The company started as a bookseller however over the years, Amazon has split out into additional product areas, and the third-party sales that represent 25 percent of its revenue. Some individuals and big retailers like Target and Nordstrom use the Amazon platform to sell their products. The sales go through Amazon. com and end up at Nordstrom. com, Land's End.

com or Target. com for processing and order fulfillment. Amazon essentially leases space to these retailers, who use Amazon. com as a supplemental outlet for their online sales.

Competition

The top Amazon Competitors in E-commerce Segment are Alibaba, eBay, Otto, JD, Walmart.

Competitors with strong Offline Retail presence are Costco, Kroger, Walmart, Home Depot, and Walgreens.

Competitors in Media (Amazon prime competitors) are Hulu and Netflix. They both offer the same service as amazon prime video with a lower price. They also offer one month free for new customers.

Due to the various entertainment features that are provided online by iTunes, it is considered as one of the top Amazon competitors.

Climate

Political and regulatory environment

1. Conflicts of Interest

Amazon secured a US\$600 million contract with the CIA, which poses a potential conflict of interest involving the Bezos-owned The Washington Post and his newspaper's coverage of the CIA. In 2018, President Donald Trump repeatedly criticized Amazon's use of the United States Postal Service and pricing of its deliveries.

2. Seattle Head Tax

The Seattle City Council wanted to pass the employee head tax proposal that would've funded house lessness services and low-income housing. The tax would've cost Amazon about \$800 per employee. Amazon threatened the city to stop investing in the city.

3. Lobbying

Amazon lobbies the United States federal government and state governments on the enforcement of sales taxes on online sales, privacy and data protection, intellectual property and transportation safety.

Economic Environment

1. Lower unemployment rate due to new jobs openings (Warehouse, delivery). Truck transportation added 6, 700 positions, courier and messenger jobs rose by 5, 800, warehousing and storage added 2, 500 jobs, and non-store retail added 4, 300 positions.
2. More investors are investing in amazon which helps the economy.
3. Wage growth increases
4. The product prices increase which may lead to inflation.

Technological Environment

1. Amazon runs its massive technology core through Linux
2. The central Amazon data warehouse is made up of 28 Hewlett Packard servers,
3. Four CPUs per node, running Oracle 9i database software.
4. To keep the customers personal data safe from (credit, etc.) amazon uses Netscape Secure Commerce Server

5. Amazon has a contract with Avangrid to build and operate the first wind farm to power its Virginia data centers.

Social/ Culture environment

Amazon has an extensive criticism for poor working conditions by both current employees and the media.

1. Overheated warehouse
2. Discrimination in a work place
3. Workers under pressure to complete assignments.

Amazon supports recycling. its own take-back program is limited to its own products, such as the Kindle eReader or failed Fire phone, and it requires customers to mail the defunct device in.

Globalization

Amazon extended its business throughout the entire world. Customers across the world can receive their order for less than a week. For example, Junglelee is a former online shopping service provided by Amazon that enabled customers to search for products from online and offline retailers in India. Junglelee started off as a virtual database that was used to extract information off the internet and deliver it to enterprise applications. Web shoppers could locate, compare and transact millions of products from across the Internet shopping mall through one window. Amazon has 11 global marketplaces. Three located in North America (US, Canada and Mexico), five in Europe (Italy, Spain, France, Denmark, UK), and three in Asia (India, Japan, China). Amazon is an accessible channel for third-party sellers to reach new

customers both locally and globally. Many retailers rely on Amazon to expand their businesses internationally.