

Competitive analysis: buy.com amazon and overstar

[Business](#), [Company](#)



Competitive Analysis In a hyper-competitive world economy and with increasingly rational buyers, the competitions among e-commerce businesses are becoming more and more intensive. Given the priority of competitiveness in modern companies, practitioners of competitive intelligence need to come to terms with what business and competitive analysis is and also how it works. In order to survive in such a competitive environment, a company must deliver superior customer value over its competitors. Three competitors that CanGo analyzed are Amazon.com, Buy.com, and Overstock.com. We focused on areas like personnel, products, and facilities. Amazon is an American electronic commerce company that has become an icon of internet business. The company was founded the company in 1994 and launched on the Internet in 1995 as an online bookstore. The business is built around two values, frugality and customer service. Amazon has been ranked number one in customer satisfaction and service. A key to Amazon's success was the decision to forego early profits to secure market share.

As a result, Amazon is one of the most recognizable online retailers. Amazon's shipping costs are relatively high in comparison to other online retailers. Despite increases in shipping costs they have yet to adjust their pricing strategy. Dependence on the North American market, despite expanding into international markets is another weakness. Amazon still derives 55% of its sales, from the North American market. This dependence could have adverse affects on Amazon's future market growth. Buy.com was launched in November 1997, with 30,000 high-tech products. In one year Buy.com, sets first-year record with \$125 million in sales. The company has

expanded in numerous profit sections such as entertainment parks, subsidiaries, and large international breweries. Buy. com continues to introduce new brands. The target market is college campuses and sports. Currently, Buy. com is spending considerable amounts of money in the Spanish marketing field. Some weaknesses are the loss of investor interest due to lack of profits. Overstock. om initially began by selling surplus and returned merchandise on an online marketplace; however, in recent years it has expanded to selling new merchandise. Overstock has established partnerships with many leading brand-name companies. These relationships allow Overstock to buy products at significant discounts, which lowers the costs for consumers. Overstock. com restated its financial statements for fiscal years 2003-2007 due to problems incurred when implementing an Oracle enterprise resource planning program (ERP) (Taub, 2008).

Weaknesses Based on an article by Stephen Taub, " Botched ERP Hookup Spurs Restatement," Overstock. com restated its financial statements for fiscal years 2003-2007 due to problems incurred when implementing an Oracle enterprise resource planning program (ERP) in 2005. (Taub, 2008) When Overstock. com implemented its new ERP system, customer refunds changed from batch processing, to being recorded as individual transactions. However, Overstock did not install all the accounting elements needed to process customer refunds in the new system.

Instead, the company chose to put " manual fixes" (Taub, 2008) in place; however, these manual fixes did not account for all the applicable refund types, resulting in refunds not being recorded. The errors do not stop here.

Overstock.com also found that the ERP system did not reverse out shipping revenue for cancelled orders and the company was under-billing their fulfillment partners for return related costs and fees. (Taub, 2008) Although, \$12.9 million is material to report a restatement, the impact on the stockholders will be minimal, as Overstock.com is a large company that already has a negative net worth. Stockholder's equity reported on Overstock.com 2009 Annual Financial Statements is negative \$3 million. (Overstock.com, 2009) and Overstock.com has not had a profitable quarter since 2004. (Coenen, 2009) Stockholders should be concerned with Overstock.com management, as this is not first time the company is restating their financial statements. In February, 2006, Overstock.com announced it would restate 4 years of financial statements, 2002 through 2005, due to improper accounting of freight costs. (Taub, 2008) It appears that the company has some serious internal control and reporting issues that need to be addressed.

CanGo Strengths

- Resources
- Strong brand names
- Good reputation among customers
- Recognizable brand
- Positive relationship with employees

Weaknesses

- Employees under trained.
- Insufficient suppliers
- Unplanned products
- planning
- Lack of industry knowledge

CanGo has the ability to compete with their competitors in any facet of the industry. There are high profit margins in the e-commerce industry. There is an increase in demand in the online gaming industry.

There are no major barriers to entry and the future growth potential is limitless. Coenen, T. (2009). More Accounting Mistreatment by Overstock.com. Retrieved February 11, 2010, from <http://www.sequence-inc.com/fraudfiles/2009/02/09/accounting-mistreatment-by-overstock/> Fornell, C. <https://assignbuster.com/competitive-analysis-buycom-amazon-and-overstar/>

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