

# Marketing and strategic planning assignment

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



With the release of the Kindle and the soon to be introduced set-top box Amazon is looking at a whole new playing field of competitors. Keywords: Amazon, competitors, online shopping, marketing opportunities Company Overview: Jeff Bezos, founder and current CEO of Amazon. Com has been committing himself to Amazon's mission for the past 18 years. Amazon was incorporated in July of 1994 with one sole mission... " Our vision is to be earth's most customer centric company; to build a place where people can come to find and discover anything they might want to buy online. " Almost exactly year later Amazon. Mom had sold their first online book, " Fluid Concepts & Creative Analogies: Computer Models of the Fundamental Mechanisms of Thought. " With their headquarters located in Seattle, Washington and a support system of over 88, 400 full and part-time employees; Amazon has successfully expanded and become a world renowned on-line retailer. By 1997 they began trading as AMAZON on NASDAQ and selling products outside books. Not long after, they introduced the purchase friendly " one-click" shopping feature; which allowed Amazon members to simply click once and the purchase was done! This changed the face of on-line buying and sent " AMAZON" internationally.

In October of 98' Amazon launched its first ever international websites in both Germany and the United Kingdom. Amazon didn't stop there, by the year 2000 they had added Amazon kitchen, photo, electronic, and game stores and had established websites in both France and Japan. Since then Amazon has continued to expand their product and consumer base through partnerships, promotions, and product placement. Arguably, what sets them apart from competitors is there overall customer support and dedication to

servicing each consumer's needs. Awarded #1 in customer service by the National Retail Survey and to date earning a 4. Out of 5 star rating on Google. Com (Amazon. Com). E-commerce is growing at a rapid pace with sales increasing by 120% just in the United States (Shim, Ecstatic, Lott, Harrington, 2001). According to Reporting and yeasts. Com, by the year 2015 the e-commerce market industry will generate between 700 billion to 950 billion US dollars; with well over 3 billion internet users world-wide. Analysts have already begun to notice trends in developed countries where internet use is more accessible and online shopping is more popular. Amazon's operates on three key segments selection, price, and convenience.

As one of the top three leaders in the online retail market industry they have the ability to take more risks. One of which was breaking into the electronic industry with the release of several electronic book readers. The electronic market segment leads the way in the U. S. Generating approximately 26% of all online revenue; \$36 billion (Reporting). The Kindle series became Amazon's top selling product ever sold on Amazon. According to Businessmen. Com, Amazon is set to release a new product for fall 2013 called set-top box. Set-top box will be used to stream videos, TV shows, and books directly to your television.

Their goal is to gain more revenue and promote their online video store (Stone 2013). This compatible video streaming will also help cut back on operational costs. Amazon is one of the original "doctor's" supporting approximately 30 million users (Marketing Teacher). Their target market consists of web savvy users known as comparison shoppers-shoppers

between the ages of 25-29 who seek the best prices but also pay close attention to reviews and alternative options. However, Amazon has a long history of creating new target markets with very industry they enter into; so they are prepared to mold their strategies as need be.

Because Amazon sells a wide range of products they are competing with all major department stores such as-Best Buy, Barnes & Noble, Wall-Mart (Shim, Ecstatic, Lott, Harrington, 2001). Now after the release of the Kindle and soon to be set-top box they will be competing with companies such as Apple, Samsung, and Oxbow. The question that still stands is whether or not Amazon will partner, as competitors have: Samsung, with companies such as Netting or Hobo as APS that can be accessed through the set-top box (Stone 2013). Strengths: Profitable: revenue-\$64. 0 billion; net income-\$87. Million; revenue per share-\$139. 54. Rated number #1 in customer service by the National Retail Survey, 4. 5 out of 5 star rating with Google consumer users (Reporting). Their web page design delivers a straight to the point message and is very easy to use. It is clear you are on Amazon. Com but also has several options to easily filter through unwanted product information. Information technology and CRM: Through there advanced software systems and data structure all buyer behavior is carefully organized and accessible. Weaknesses: Experiencing losses in profit due to initial set up costs.

Reduced delivery costs for customers: free shipping to customers has averaged \$million. Opportunities/Goals: Committed to selling more items at a lower cost. Trying to cut operating costs. Continue advancement in IT industry. Launch new set-top box. Joining and collaborating with foreign e-

commerce retailers. For example: British Library-Amazon has partnered with BAL which now gives users access to over 2. Million books. Has established websites in 6 other countries (Amazon. Com). Threats: US-Based rivals who are unable o compete with Amazon are looking to compete with them overseas (Marketing Teacher).

Amazon can be seen as a more seasonal business; due to astronomical spikes in sales during holidays. Huge range of products: differentiation of competitors due to like products. Liability of having own product: the Kindle series/ set-top box. Competitors: Amazon's has two types of competitors, both large departmental stores and other solely e-commerce businesses. Two e-commerce companies that have successfully challenged Amazon are Group and Ebay (Reporting). One commonality that both Group, Ebay, and Amazon share are there nonusers. The consumers that utilize these websites are bargain buyers.

They are looking for the best deal while comparing specs of other products. These sites also highly rely solely on e-commerce; unlike competitors such as Wall-Mart, Barnes & Noble, and Best Buy who can deliver tangible consumer-to-buyer interaction. Often times we are influenced by the packaging of a product. According to the Consumer decision Journey published by McKinney & Company-?? 40% of consumers change their minds when they see, learn, or touch a product. In the web world, packaging is the website. Amazon is building its brand through its website but the website itself is the product (Wilson 2000). Amazon cannot afford to have a sub-par website or complicated buying process. If there are any issues with the

system they must rely on customer service through social networks; phone and email. Due to the lack of customer interaction there customer service representatives must be highly trained and excellent communicators to ensure that each customer feels as if they have met with an actual person” (Meier 2013). One critical key to success is one's post-purchase experience. The post-purchase experience will subsequently shape one's opinion and decision in every category (Court, Lazing, Mulled, Votive, 2009).

Amazon's ability to ensure customers through delivery response, confirmation of purchase, and return policies are all what give Amazon customers a reason to stay and no reason to leave. Why go anywhere else when they get great deals and great customer service all through one convenient and overall reliable site? Amazon has proven to be a dominant player in the e-commerce industry but in order to stay there they must continue to plan ahead. Any company can offer promotions such as Amazon's free shipping over \$25 or more; but will continue to set

Amazon apart from its competitors is their ability to create in-house markets. Amazon takes control of all aspects of their business process: retail, supply chain, author relationships, used books, eBooks, on-demand, price-shopping (Forbes 2011). For example, when Amazon introduced the Kindle it was only compatible with e-books from the Kindle store. Amazon also partnered with top book and newspaper sellers which gives Kindle users reduced rates, saving them an average of 75%. This granted a return of investment making it easier for the Amazon to lower the Kindle's price on two separate occasions.

By offering tangible products I. E. The Kindle and backing that with the product of Amazon I. E. The weapon; they can put their content directly in front of their consumer. They have announced a new product called set-top box, which will be sold at half the cost of an Apple TV, will be introduced to the public this coming fall. They believe this will help launch their video services as they have already added several more TV shows to their Amazon video shop (Winnfield 2013). Through the set-top box they plan to offer exclusive videos offers that only Amazon users can utilize. Because of Amazons data storage capabilities they are able to use their customers as forms of advertisement as well as stay connected with each individual consumer. Promotional emails and offers are created to be buyer specific based on one's purchase habits. They also created a feature where other users could contact owners of Amazon products and set up private demonstrations. This cuts costs significantly because Amazon does not have to hire and train employees. Low prices, fast convenient delivery, customer satisfaction, and overall vast selection of all types of reading material helps promote Amazon products.

By taking the unfair advantage and zoning in on it will continue to be the way Amazon dictates the e-commerce market (Forbes 2011). As CEO Jeff Bonze's said " If you want to continuously revivalist the service that you offer to your customers, you cannot stop at what you are good at" (Monsoons 2010). They have announced a new product called set-top box will be introduced to the public this coming fall. They believe this will help launch

their video services as they have already added several more TV shows to their Amazon video shop (Winnfield 2013).

Through the set-top box they plan to offer exclusive videos offers that only Amazon users can utilize. We can expect to see Amazon's growth to continue. As the internet becomes more prevalent and accessible people will have even more ability to make purchase decisions at pretty much any location. " Businesslike reported that Amazon announced its 2012 revenue totaled \$61. 8 billion US dollars, but annual losses equaled \$0. 09 per share" (Meier 2013). Amazon sold about million Kindle Fires which accounted for 22% of tablet sales (Amazon. Com). They hope to surpass that with the set-top box TV.

They believe as technology continues to advance and the use of streaming and APS rises; more people will turn demand " smart TV's. " As Amazon's 2013 IQ profits came in at \$16. 1 billion they are projected to conclude 2013 with \$82 billion and an earnings per share of \$1. 15; up from their current \$0. 18 (Reuters). They would like to cut there operating income down by 9% and there operating income loss by 6% (Amazon. Com). According to Commonly, " 34 analysts offering 12-month price forecasts for Amazon. Com Inc. Have a median target of 325. 00, with a high estimate of 370. 00 and a low estimate of 245. 00.

The median estimate represents a +6. 48% increase from the last price of 305. 23," suggesting to buy now. Amazon earned \$107 million in their second quarter of 2012. They are projecting 2013 SQ sales of \$14. 5 billion to \$16. 2 billion (Investors Business Daily 2013). Overall, Amazon believes

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they are and will continue to dominate the market. Through development of their operating systems and emergence into new markets; they wish to create more products so that they can be put themselves right in front of their customers. Conclusion Amazon's growth has proven to be directly correlated with their well thought out market strategies and plans.