

Amazon.com strategy case study

Business



Market Penetration (SO, so, 08) Amazon needs to take advantage of the Neck dollar immediately, before the economy changes, by pushing its American products overseas to areas where Amazon already has a distribution infrastructure in place. This will increase their profits not only through selling more, but also when the foreign money is converted back to the dollar.

Strategy #3 & 10 - Market Development (SSL, 02, 06) & Service Development (so, Oslo, 36) Amazon's 24/7 live customer service is a real asset in that new online users cannot always find the information they are looking for quickly due to their inexperience.

This can lead a potential consumer to become frustrated and leave the site all together. The ability to simply pick up the phone at any time and speak to a live person is lacking in the online industry, which is where Amazon holds the advantage. Amazon's 1-click technology further provides ease for users in that information only needs to be entered once making transactions quicker and more efficient. Internet users must be made aware of these features in order to draw them to Amazon.com. They also need to be informed of the fact that the competition lacks this functionality.

Strategies #6 & 12 - Market Penetration (so, 02, 06)(so, Oslo, T 1) Amazon is known as a trusted brand. New internet users are generally a bit scared of the internet fraud at first. Amazon is a company they already know. Market the trust and comfort aspects of Amazon to draw new internet users all over the world to Amazon.com where they can be confident their information will be secure. (EARS: Strategy #9 & 1- Innovation (SO, so, T 1) Market Penetration (SO, so, 07) Amazon needs to come up with innovative ways to

cut costs while at the same time improving quality so that they may pass those cost savings onto their customers.

Being as big as they are, Amazon is in a position to make bulk buying deals with suppliers in order to keep their prices lower than their smaller competition. Educated internet users typically go to multiple sites before making a purchase, and if Amazon can consistently offer the lowest price products with outstanding customer service, Hansen are those users will visit less of the competitions sites in the future. Strategy 5 - Product Development (WWW, 07) Amazon should come up with an 'exclusive" or "signature" product line aimed towards affluent internet users.

Products such as high end Jewelry or high end gifts would help to generate revenue and in turn, improve Amazons bottom line. This strategy should be implemented in the mid range to avoid the chance of losing the market. Strategy #14 -Horizontal Diversification (WWW, TO, TO) Wall-mart is by far one of Amazons greatest threats.

They are on top of their market in the retail sector and striving to do he same in the online sector. Amazon sells pretty much all the products that Wall- mart sells at competitive costs, but has the advantage of experience in the online markets.

This has allowed Amazon to expand its range of products to include many more than Wall-mart. Amazon should continue in this direction of bringing new products as well as services (possibly travel services) to it's customers to maintain its position as number one online retailer. Strategy # 11 - Service Development (SO, SO, TO) Amazon.

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Com has developed an impressive distribution infrastructure that has the ability to drastically reduce shipping times as well as shipping costs. Because of this, Amazon can justify offering free shipping as well as delivery time guarantees.