

External-internal factors paper



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There are many internal and external factors that can affect how a business is developed and maintained. Amazon.com has been molded from many of these factors that exist within their business and their macroenvironment.

Macroenvironment is defined as the most general elements in the external environment that potentially influence strategic decisions (Bateman & Snell, 2009). Internal business factors can include new entrants, buyers, suppliers, rivals, substitutes and complements, and the competitive environment Amazon is faced with.

The macroenvironment introduces the economy, technology, laws and politics, demographics, and social values that may affect Amazon's progress as a leading, online retail provider. In planning their business, Amazon had to take into account all internal and external factors to avoid catastrophic troubles while beginning their company. The same concept holds true, even today. Internal and external factors affect the planning, organizing, leading, and controlling (four functions of management) functions of management involved in the successful and continual growth of Amazon's company.

Their company began as a planned rival to Google and Microsoft, for lead in the online retail industry. With their original focus, Amazon used four different key values to help their business off-the-ground, and stay focused on their personalized progress. Their ability to zone-in on customers, dynamic pricing, personalized service, and brand variety was their plan for success (Amazon, 2011). It became a primary goal for Amazon to make their customers' online shopping experience easier and more enjoyable while supplying dynamic pricing options and the convenience of a 'one-stop' retail ordering system.

The business model of Amazon included selling books, compact discs, movies, electronics, and games. Currently, Amazon has the largest online retail selection because it extends its inventory out to offer home goods, clothing, food, automotive, and jewelry products (Amazon, 2011). Amazon's website is specifically designed for e-commerce. The features are consumer-friendly and guide the customer through product listings that rival any major department store. Their website allows the recommendation of future product purchases based on consumer shopping/browsing history saved through their advanced customer relationship management (CRM) system.

Amazon's initial desire was to prevent the average consumer from needing to leave the comfort of their own home to accomplish their normal and continual shopping needs. This desire continues to be the driving-point for Amazon's foundation. Amazon has organized their human resources to provide personalized customer service that readily matches other online retailers. Amazon does not offer in-store customer-service because they are an online business entity; however, they do offer e-mail, phone, and online live-chat customer service support.

To enhance Amazon's website structure, there was need for more consumer options than rival competitors that supported the customer better. Amazon provides other services to include developer, advertising, and self-publishing services. Developer services allow Amazon to use the new idea of incorporating human intelligence tasks into their company's services, now Amazon is better able to provide for their consumers and their consumer's business needs. Advertising services enable web developers the use of

Amazon's advertisements on their own websites, for easier customer fulfillment capabilities.

Self-publishing services allow on-demand publishing for any novice-to-intermediate non-published authors to display their written content publicly for sale on Amazon. com. To fulfill shipping requirements on retail goods sold, Amazon had to build more than four million warehouses to prevent large amounts of backorders (Amazon, 2011). For dynamic pricing, Amazon conducted real-time price tests to measure out customer responses and adjust prices accordingly for better customer satisfaction.

Amazon encourages new retail seller affiliates to sell on their marketplace to expand the purchase options and avenues for its customers. Amazon has remained the leading e-retail provider for the entire world since early 2009 (Stores Magazine, 2010). Amazon hasn't been affected by new entrants into the retail industry as much as a smaller retail company could. Although new companies do take a slight portion of the industry, Amazon has yet to be financially scathed in a troubling way.

In addition to sales, Amazon also provides community support to disaster relief, tools for non profit organizations, and grants for non profit author and publisher groups. This allows the public community to see and understand that Amazon does care for its customers in the furthest sense of the word. Additionally, Amazon is proud to be a business party involved in environmentally aware programs that discern Amazon as an eco-friendly company, by enacting a " Frustration-Free" packaging model.

This makes products easier to open because it uses 100% recyclable cardboard packaging and the product remains the same, just in streamlined packaging (Amazon, 2011). Amazon does its best to render personalized service to their customers. The ‘ Recommendations’ feature on their website tracks the purchases each customer makes, so on the next visit to Amazon.com they can see similar products based on previous purchases. Amazon also sends personalized e-mails to customers informing them on new items that fall into their recommended categories.

When concerning pricing and branding, Amazon places online customer valued selections, convenience, and good services above pricing (Amazon, 2011). Amazon has instituted several controls to ensure a complex, yet user-friendly website and business. They have supplied their website with enough graphical descriptions and pictures of purchasable goods to ensure more accurate product purchases. By designing a more convenient ‘ one-click’ ordering system, the need to re-enter customer payment information had been eliminated.

Amazon takes studious care in the ethics, legal, and security issues of their customers. By limiting the amount of internal and external parties that have access to personal customer account information, stating their legal responsibilities for quality of merchandise sold, and educating consumer patrons on security measures, Amazon can better protect Internet purchase transactions. Amazon has expanded to include tools on their website to further assist intermediate consumers. Tools such as the Simple Storage Service (S3), the Elastic Compute Cloud (EC2), and the Mechanical Turk.

With the establishment of these services, Amazon can revolutionize their productivity of their storage space, processing power, and non-automated web services by lending space and processing power in their network. This allows Amazon to store, manage, and collect other businesses' data and information, on their daily business processes and human intelligence tasks, and Amazon takes a percentage of the profit (Amazon, 2011). Whether buying services or goods through Amazon, this combined market strategy allows Amazon to continue to excel at retail leadership and control.

References

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