

Amazon business

Business



Amazon business is innovative and efficient. Amazon has an innovative business model which is built around a market-changing customer value proposition and a radical revenue formula, which upended the book industry. Then it fast increased its wings beyond books to include other shippable consumer goods. A few years later, Amazon.com launched its white space when it devised a new value proposition, giving a commission-based brokerage service to buyers and sellers of books. Then, Amazon got into its white space by establishing a model to serve a whole different customer such as third-party sellers. Amazon changed its business model from direct sales to a sales-and-service business model, combining many sellers on a single virtual roof and receiving commissions from the other companies' sales.

How significant is reputation for Amazon.com in relation to both customers and potential investors?

A good and reputable company performance is built around a good reputation. A reputation is a culture which the company is known for in the market. It acts as a marketing tool for a company such as Amazon. Reputation plays a critical role in the company future operation and value in shaping investors' behavior and, hence, future revenue potential and prospects. A good or bad reputation normally affects stakeholder decisions to keep or give up their stake. For instance, investors, customers, suppliers, or employees. The company reputation which has been built around integrity and good service to the customers have been key in making the company a comparative in the global sphere. Good reputation helps in the differentiation of products in a highly competitive market. In addition, it ensures premium

pricing of goods and services, and helps in the ultimate decision in among the customers. A strong and good reputation in the Amazon has helped to attract and retain high-quality employees and customers. In addition, it deters new and existing competitors by acting as a barrier to market entry. Reputation is known to shape the opinion of regulators, pressure groups, and the media towards a business such Amazon hence affect the revenues. Perhaps the greatest advantage of a good company reputation is the provision of goodwill it offers, which enhance a business to withstand future challenges. Reputatio is one of the most valuable asset in Amazon. com today although it is intangible aspect. In 2007 a global survey showed that a damage to a company's reputation is ranked as the top risk.

Is there link between reputation and the share price volatility? How might Amazon. com attempt to reduce this volatility?

There is a link between reputation and share price volatility. A company's reputation is very critical in defining several phenomena which surround a business operation, market performance as well as share price performance. A reputation is very important in today's dynamic and volatile market. This is because it is what boost the confidence of the customers in the market. A good reputation improves sales thereby increase the company profit. However, a bad reputation destroys the customer confidence in the market and the repercussions of a destroyed confidence result in low sales. In this regard, the fluctuation of confidence level which is anchored on the company reputation is very much linked to the sharer price volatility. This is because share price volatility is directly influenced by the company's profit margin

and market performance. It is therefore concluded that there is a link between reputation and share price volatility.

How might the alliance with Toys R Us affect both the business model of Amazon's reputation?

The alliance with Toys R Us will affect both the business model of Amazon and reputation in the sense that Toys were not prepared for the expectation of online shoppers hence there were problems with deliveries of good. On the other hand Amazon could not sell all the toys it bought. In this regard, the online customer whose confidence Amazon has enjoyed for many years may start to diminish. This is because when they buy toys they do not see Toy R Us but they see Amazon. Therefore, much research has to be done to ensure that the business model adopted is good for running the alliance between Amazon and Toys R Us as a single business entity.

Does Amazon have distinct competitive advantage? If so. What is it - and how might it sustained ? If not how might it achieve achieve one?

Amazon has a distinctive competitive advantage which is an efficient e-commerce platform which not only provide a quick shopping solution to the customers but is also globally competitive in the market. An efficient e-commerce platform has put Amazon a notch higher than the rest in the market. In this regard, Amazon is a market leader in global e-commerces sales of books across the globe. The most important role for the stakeholders in the company is to ensure the sustainability of the business model and competitive in the market.

Evaluate the challenge listed at the end of the case. Can you think of additional issue?

The challenge of diversification listed at the end of the case is critical for the sustainability of the Amazon business entity. Since the company pioneered in the internet business more so in the sale of books, other products can as well be bought from the internet. This will call for a paradigm shift which embrace the dynamic change as necessitated by the customers.

What is the contribution of Jeff Bezos to Amazon and to e-commerce generally?

The contribution of Jeff Bezos to both Amazon and e-commerce in general is great. To start with, he steered Amazon to be a global and reputable company. In this regard, he helped build the company's good reputation as one the genuine and reputable e-commerce business which not only satisfy customers,' needs but also make good profits out the business. The success of Amazon in E-commerce has inspired many entrepreneurs to get into e-commerce. In addition, the success of Amazon under the stewardship of Jeff Bezos has improved the credibility of e-commerce globally. The good reputation which has been shown by Amazon through the leadership of Jeff Bezos has opened up e-commerce as one of the biggest things in business fraternity.

The Amazon company at its ground is built to transform. When the company gets opportunities to serve new customers, or existing customers with new products, it pictures and develop a new business model to serve them. According to the case, comes out that that Amazon has a competitive

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advantage to start and operate an entirely new system of businesses while simultaneously extracting value from existing businesses as indicated by the alliance of Toy R Us. In this regard, Amazon's progress is marked by a series of transformations, as it continues to pursue its vision unafraid of white space, business model innovation, or renewal.