

# MOBILE & INTERNET: AMAZON.COM

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Maria Bosco



# Introduction

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- Started out in 1995
- Fabricates the phrase “Earth’s biggest selection”
- Amazon has expanded their product range, international sites, worldwide fulfilment and customer service centres.
- Offer a shopping experience like no other
- Partnership opportunities

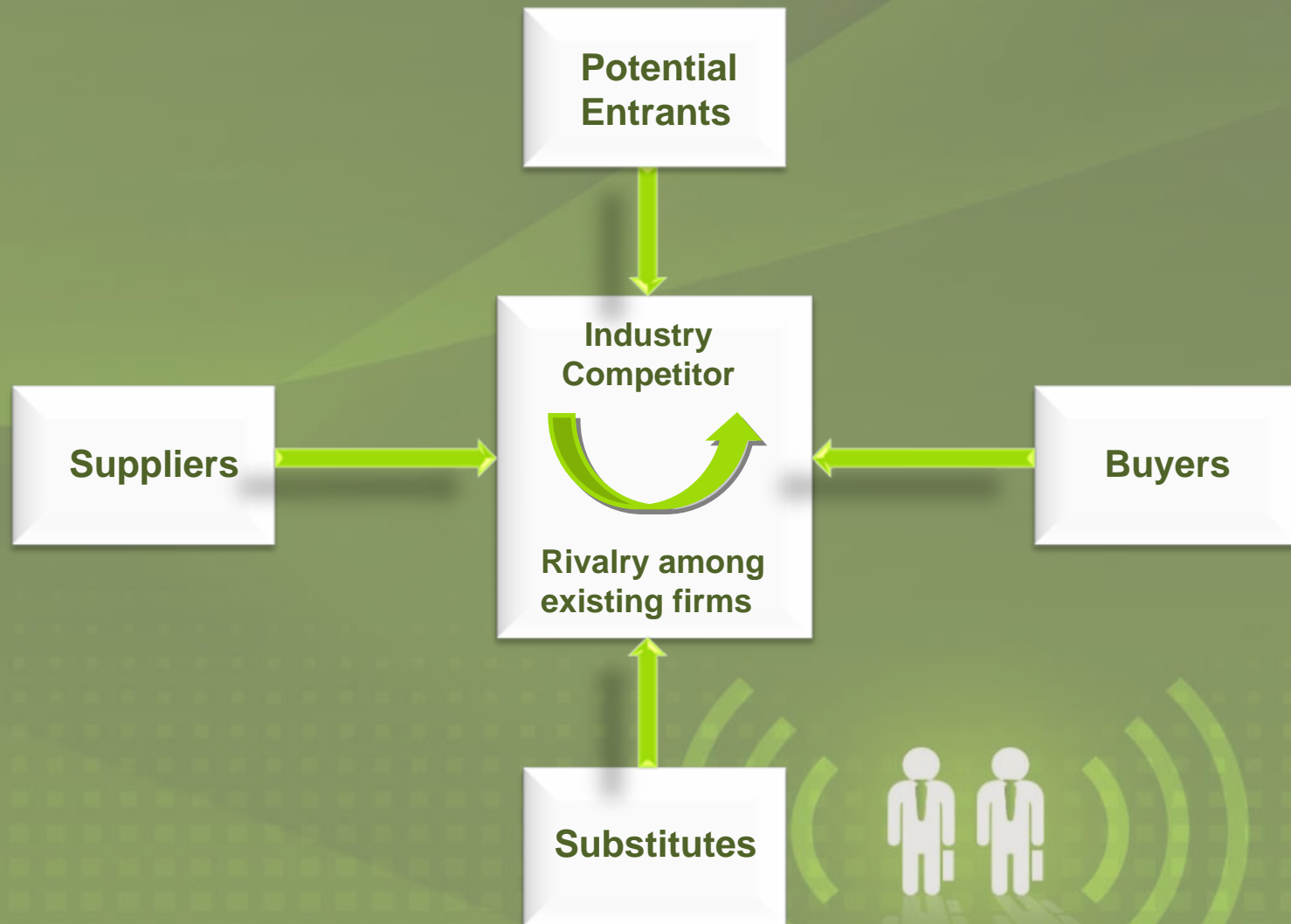


# Amazon's Mission Statement

*"We have one strategy at Amazon.com - provide the customer with the best shopping experience." Additionally, "...our goal is nothing short of building the world's most customer-centric Company." Lastly, "our Company mission is to leverage technology and expertise to provide the best buying experience on the Internet". [J.Bezos, CEO Amazon]*



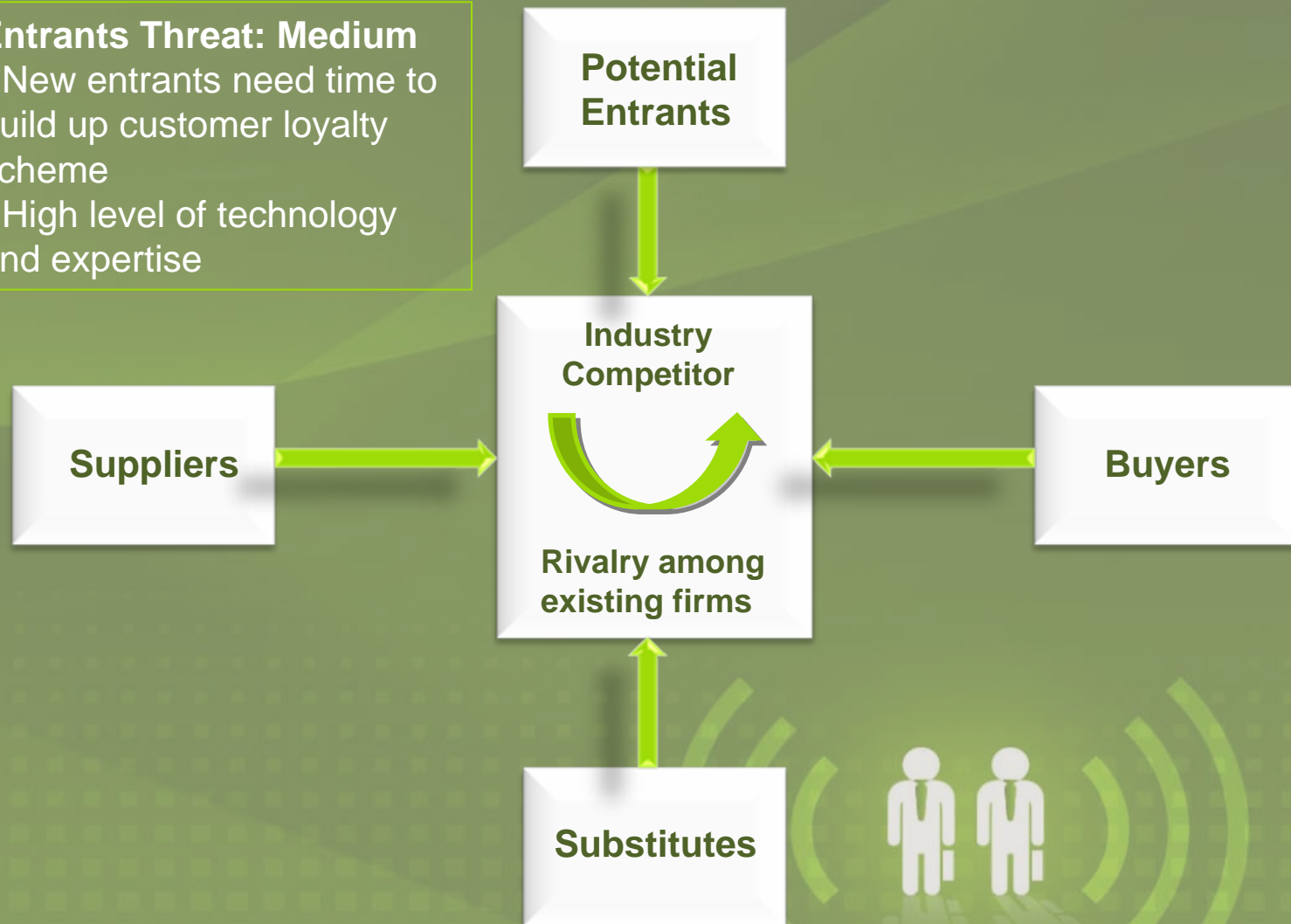
# Porter's Five Forces



# Porter's Five Forces

## Entrants Threat: Medium

- New entrants need time to build up customer loyalty scheme
- High level of technology and expertise



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## Potential Entrants

## Power of Customers: High

- High street shops such as a physical store
- High level of efficiency that internet shopping provide
- Easy, quick and reliable





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## Suppliers

## Power of Suppliers: High/Medium

- Printing power from book suppliers
- Delivery deals provided for the customers

## Industry Competitor



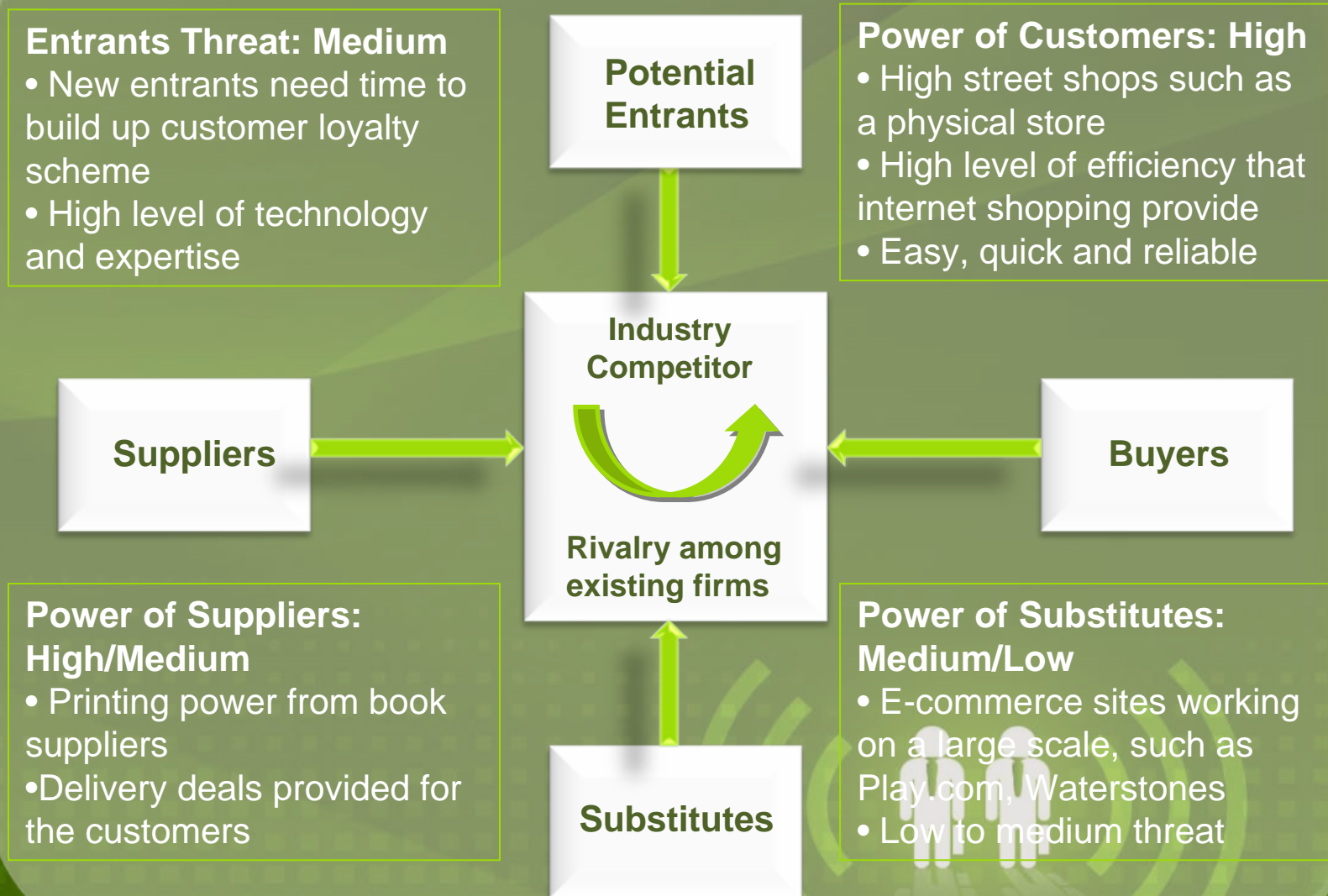
## Rivalry among existing firms

## Buyers

## Substitutes



# Porter's Five Forces





# Porter's Five Forces

- Amazon has a large share of the market and therefore has a stronghold over direct competition.
- The direct competition for Amazon include e-commerce sites working on a large scale
- Amazon has a lower level of threat and this is why they are able to have such a stronghold over their market

# AMAZON.COM: HISTORY & DEVELOPMENT

Maria Bosco



# History

- Amazon is one of the most successful and innovative Internet enterprises to date.
- Jeff Bezos was the founder.
- Amazon created a new concept.
- The company took the opportunity to expand into new product lines and are now renowned for their product range.
- Although successful Amazon did not turn any profit in its early years.

# Development

- Amazon suffered significant losses prior to making their first profit in 2002.
- A restructure of the business took place to recover losses.
- Changes took place across all areas of the business with a focus on improving efficient production.  
[http://news.bbc.co.uk/player/nol/newsid\\_7130000/newsid\\_7136300/7136393.stm?bw=bb&mp=rm&asb=1&news=1&bbcws=1#](http://news.bbc.co.uk/player/nol/newsid_7130000/newsid_7136300/7136393.stm?bw=bb&mp=rm&asb=1&news=1&bbcws=1#)
- Change and innovation have been a consistent process in the Amazon life cycle.
- Future development looks set to further broaden Amazon's services

# AMAZON.COM: BUSINESS MODEL

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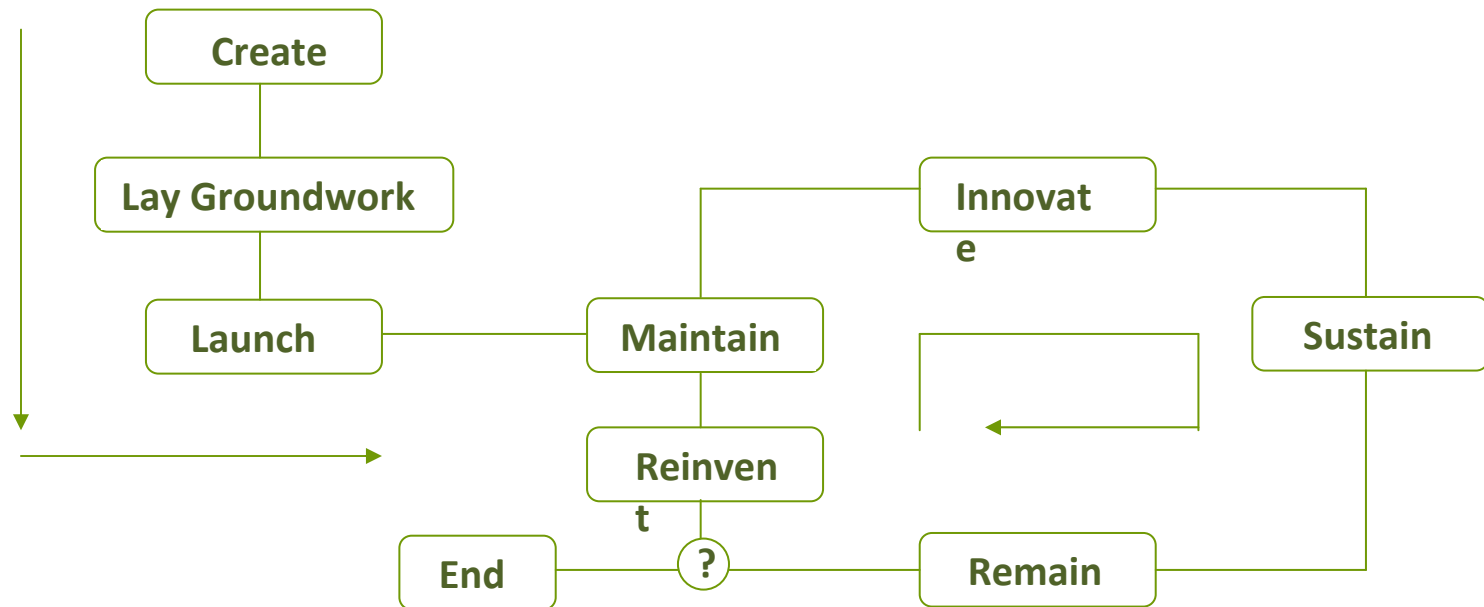




# Retail Business Model

- Opened its own bricks and clicks distribution centres to increase efficiency
- Primarily a business-to-consumer model, however also operates as a business-to-business company
- Currently remains around the cyclic functions of the business model life cycle

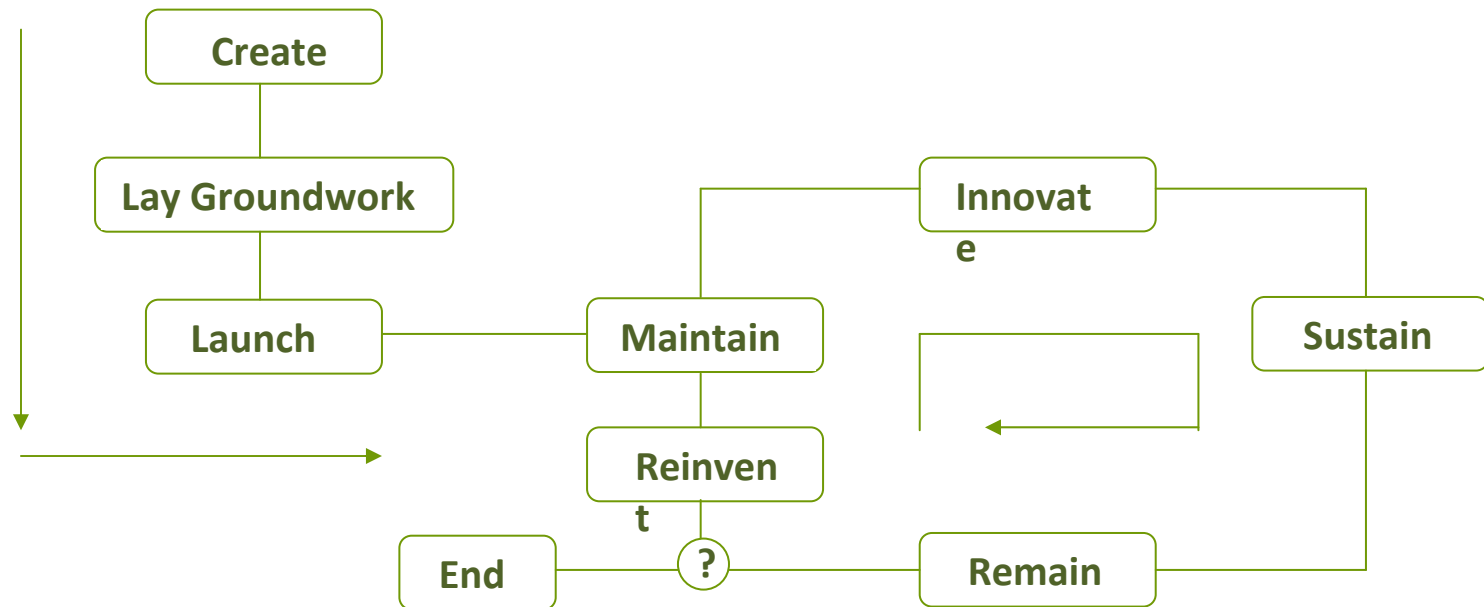
# Amazon Life Cycle: Maintain



## MAINTAIN

- Consistently manages their day-to-day business activities
- Always consolidating customers
- Enhances relationships

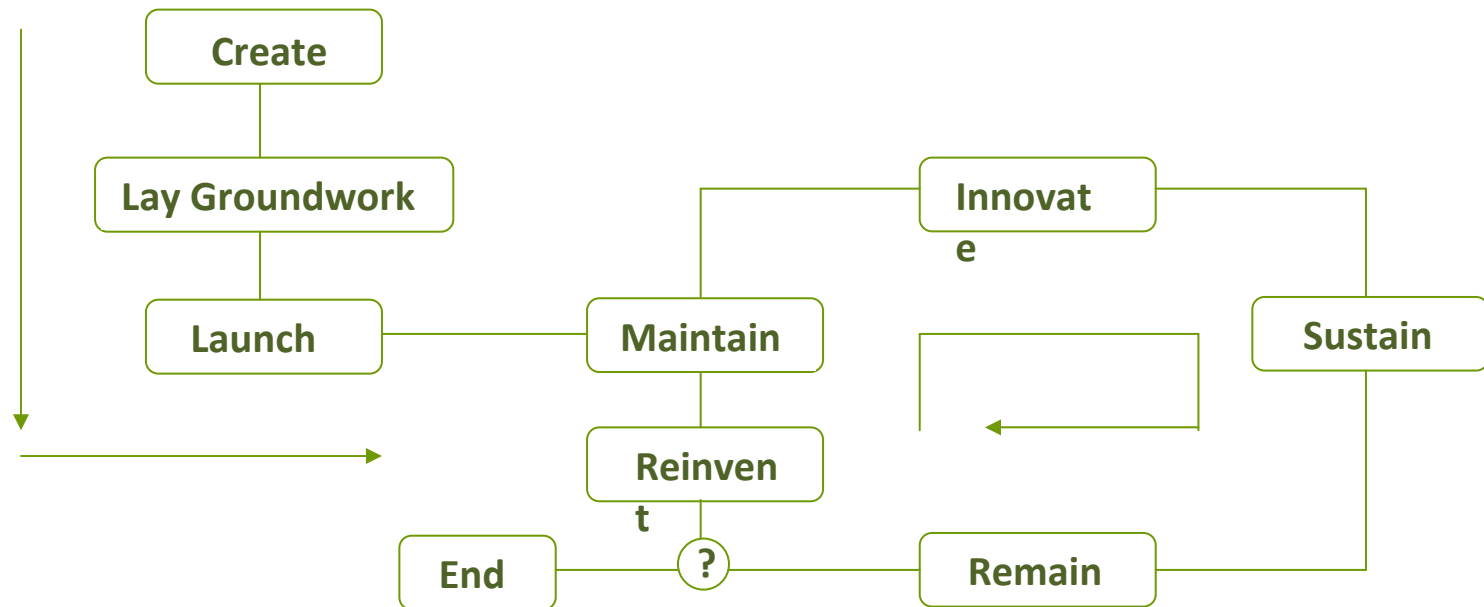
# Amazon Life Cycle: Innovate



## INNOVATE

- Continuously improving in product optimisation
- Technological improvements
- Business administration

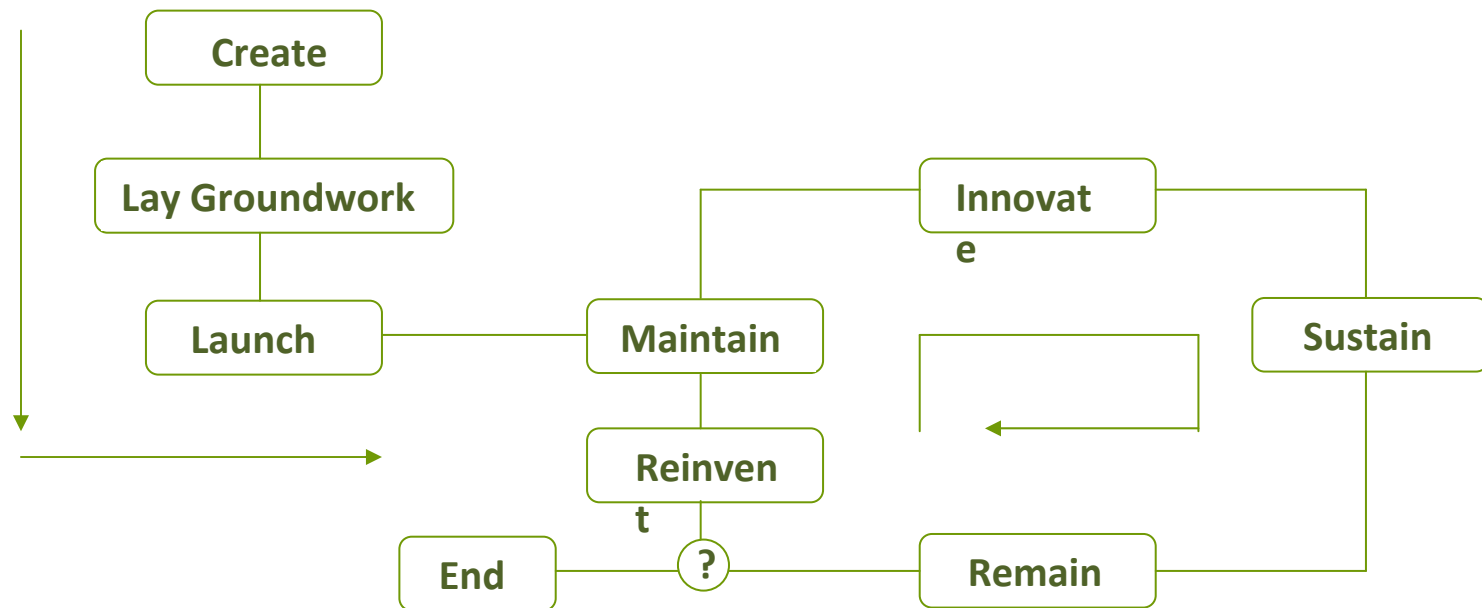
# Amazon Life Cycle: Sustain



## SUSTAIN

- Comprehends the dynamics of its environment

# Amazon Life Cycle: Remain

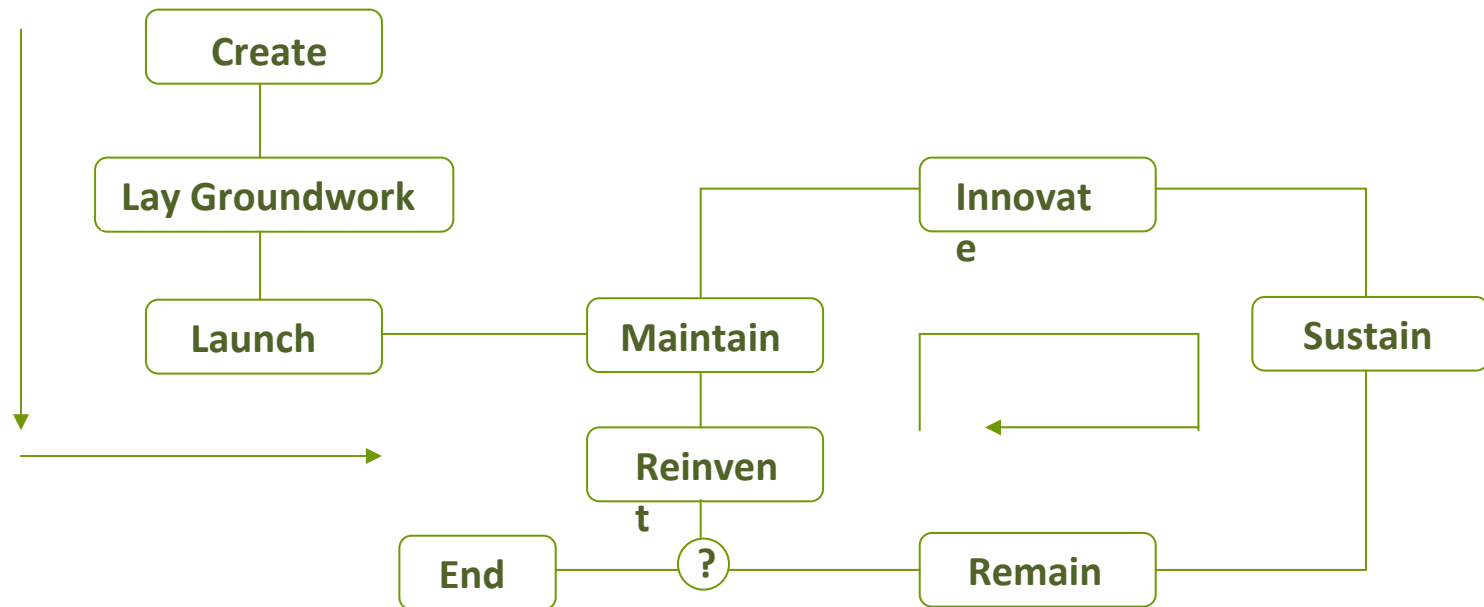


## REMAIN

- Amazon constantly trying to adjust to changes – cultural, technological
- Amazon make decisions in times of crisis



# Amazon Life Cycle: Reinvent



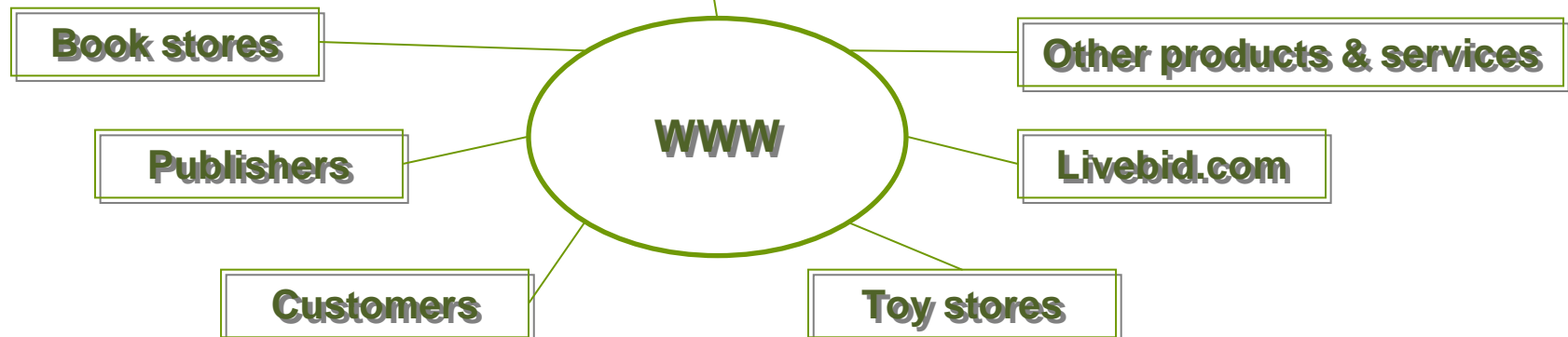
# REINVENT

- Development of new services for customers e.g. Amazon Marketplace
- Changed its original business model from pure-play business model to a retail business model

# Retail Business Model

- Operates a viable system
- Retail business model experiences a quick cyclical growth; posing a threat to Amazon, and in turn reducing profit margins
- Business-to-consumer approach allow Amazon to keep track of their customer preferences – enhancing customer relationships

# Overview Amazon's Business Model



# E-Procurement Business

- Brings the experience of Amazon to the purchase of academic supplies and equipment
- Three operational strategies
  1. Cost-leadership
  2. Customer differentiation
  3. Focus strategy

# E-Auction Business

- Offers integration of the bidding process with contracting, payments and delivery
- B2C - provide a venue for people to sell anything that they wish
- Bidding facilities - interactive interface, security, provision of attractive products and community building through a trusted platform



# Marketplace Business

- Provides a venue for people to buy and sell new, used, collectible and refurbished items
- B2C - Benefits for buyers - wider choice, better prices from third parties
- B2B - Benefits for - access to millions of customers registered with Amazon

# E-Shops Business

- Benefits for Amazon - increased demand, a low cost approach to global presence and cost reduction in promotion and sales
- Benefits for customers - lower prices, wider choice, better information and convenience in browsing, comparing, buying and delivery, including 24 hours availability

# Business Model Strengths

- Network of actual retail space
- Efficient delivery and distributing system to services its entire customer network
- Business-to-consumer approach has allowed for a vast selection of goods
- Marketing, innovative inventory and distribution
- B2C - able to keep track of their customer preferences and realise mass customisation

# Business Model Weaknesses

- Operates in a retail business model that experiences quick cyclical growth
- Competitors entering the market, customers are turning to other companies offering competitive prices

# AMAZON.COM: BUSINESS MODEL (VALUE CHAIN)

Maria Bosco





# The Value Chain

- Amazon's end products such as items that customers receive from their order are a culmination of the companies value adding activities.
- The activities and processes in the Amazon value chain all work together and rely on one another however each activity has a specific purpose in which value is added.

# Primary activities

Primary activities within the Amazon value chain are:

- Transportation of products (inbound, logistics)
- Purchasing and sourcing
- Selling the products (sales)
- Customer Service
- Shipping of ordered items (distribution)

These activities and processes all work together and rely on one another, however each activity has a specific purpose in which value is added.

# Value Chain Success

- Amazon's value adding activities create a successful competitive edge.
- The great emphasis on technology within the value chain has enabled good customer relationships.

# AMAZON.COM: E-PROCESSES

Tolu Akinsete



# E-processes

- Amazon has devised a number of strategies for calibrating their website through minute attention to their business processes that create their customer relationship

# E-processes Overview

- Patent for “one click” purchasing technology – added value
- Patent for its “Affiliates” program
- Embedded process rules in their personal software developed
- One-to-one marketing software - creates customer portfolios
- Data-mining software help them realise mass customisation

# AMAZON.COM: TECHNICAL ANALYSIS

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# Secure eCommerce

- Operating primarily as an e-commerce website, Amazon have a responsibility to provide safe and secure pages to customers.
- Amazon's web servers use the SSL (Secure Sockets Layer) encryption protocol



# Data System

- Amazon hold a vast amount of data, user accounts, stock listing etc.
- Amazon designed and operate a scalable system to manage data.
- Data is stored across a number of web servers each one assigned to a specific application on the Amazon website

# Constructing Content Pages

- Amazon is designed to provide pages for customers with content relative to their specific interests and requirements.
- This is enabled through an application that sends out a large number of service requests, personalising information for users.

# Technical Architecture

The company's technical infrastructure works on a Linux operating platform. The use of Linux has meant the company to create a cost effective technology infrastructure that supports their web-based activities, both front and back end.

# AMAZON.COM: WEBSITE DESIGN

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amazon.co.uk

VIEW BASKET | WISH LIST | YOUR ACCOUNT | HELP

WELCOME

YOUR STORE

BOOKS

ELECTRONICS &amp; PHOTO

MUSIC

DVD BUY &amp; RENT

VIDEO

SOFTWARE

PC &amp; VIDEO GAMES

HOME &amp; GARDEN

TOYS &amp; GAMES

SPORTS &amp; LEISURE

JEWELLERY &amp; WATCHES

SHOES

BABY

INTERNATIONAL

GIFT CERTIFICATES

SELL YOUR STUFF

DEALS OF THE WEEK

HARRY POTTER

DISNEY

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GO

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- [The Tales of Beedle the Bard](#)
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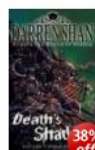
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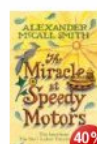
## Powerball 250hz Pro

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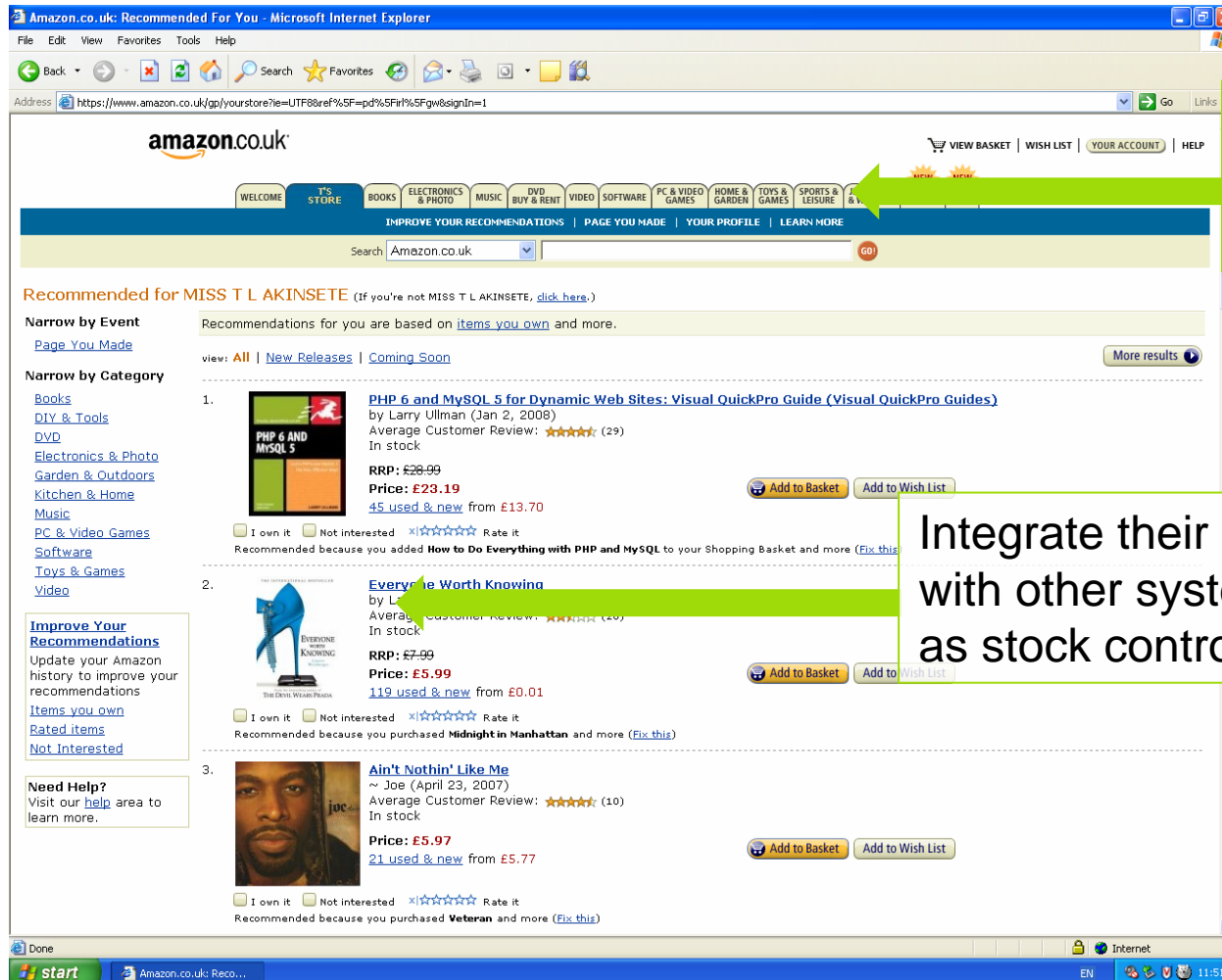
Save up to 70%

Find some great savings on selected [Sports & Leisure Clearance](#), including Footwear, Clothing, Sports & Fitness Equipment.

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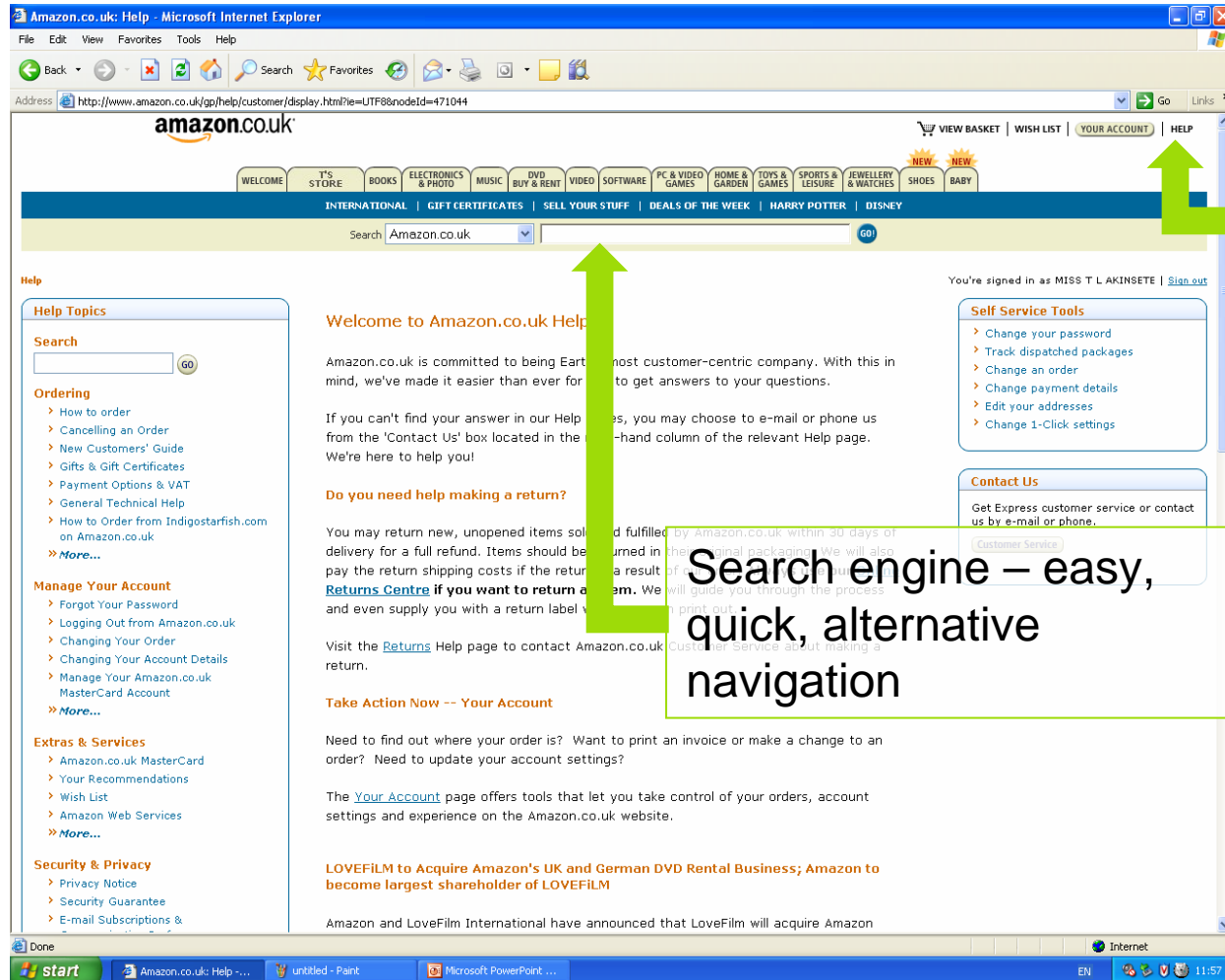
# Strengths & Weaknesses: Navigation



Reiterates the genres of items it offers on the top navigation

Integrate their website with other systems such as stock control

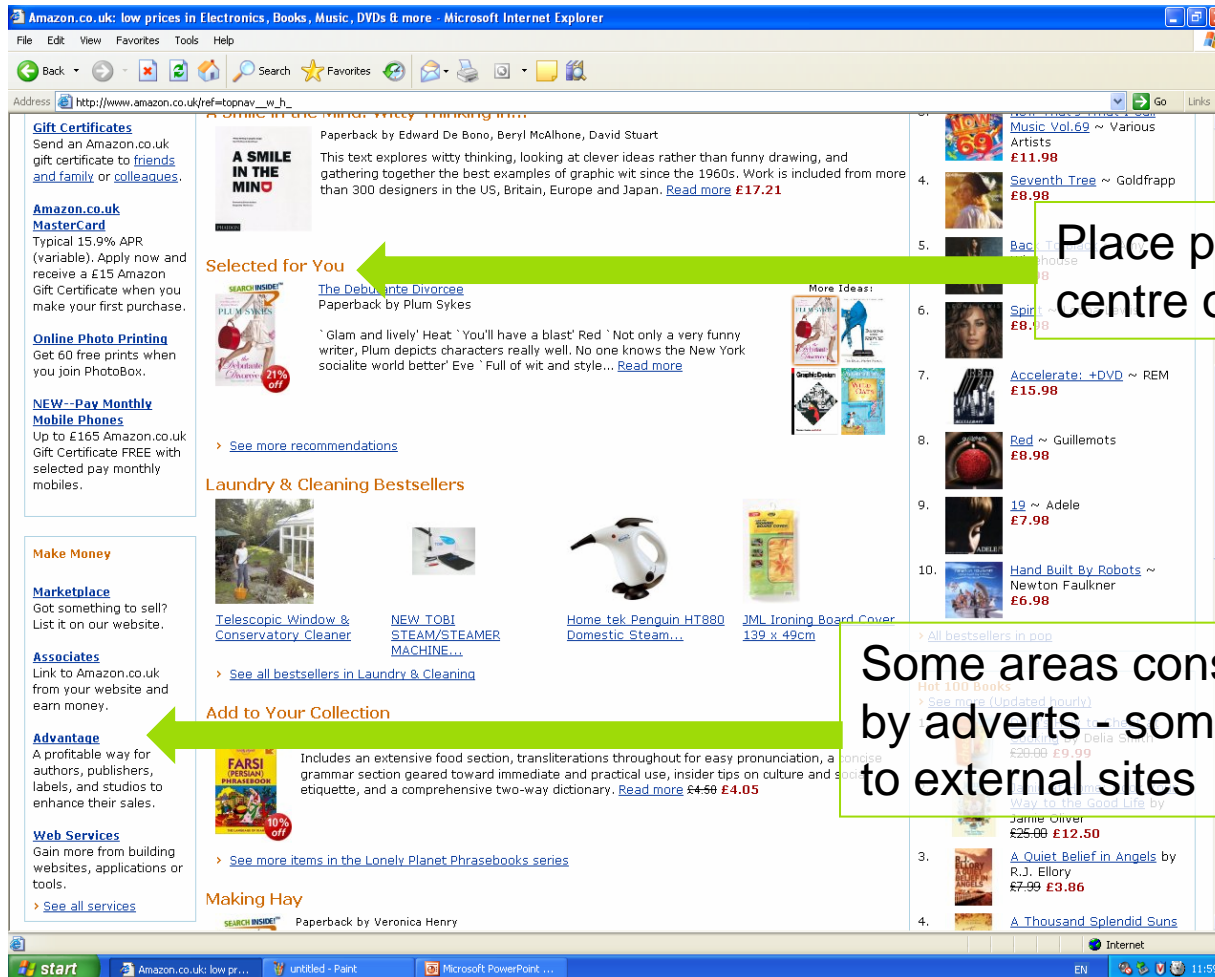
# Strengths & Weaknesses: Ease of Use



Able to access the help section leading to a list of frequently asked questions, their account and their basket

Search engine – easy, quick, alternative navigation

# Strengths & Weaknesses: Advertising

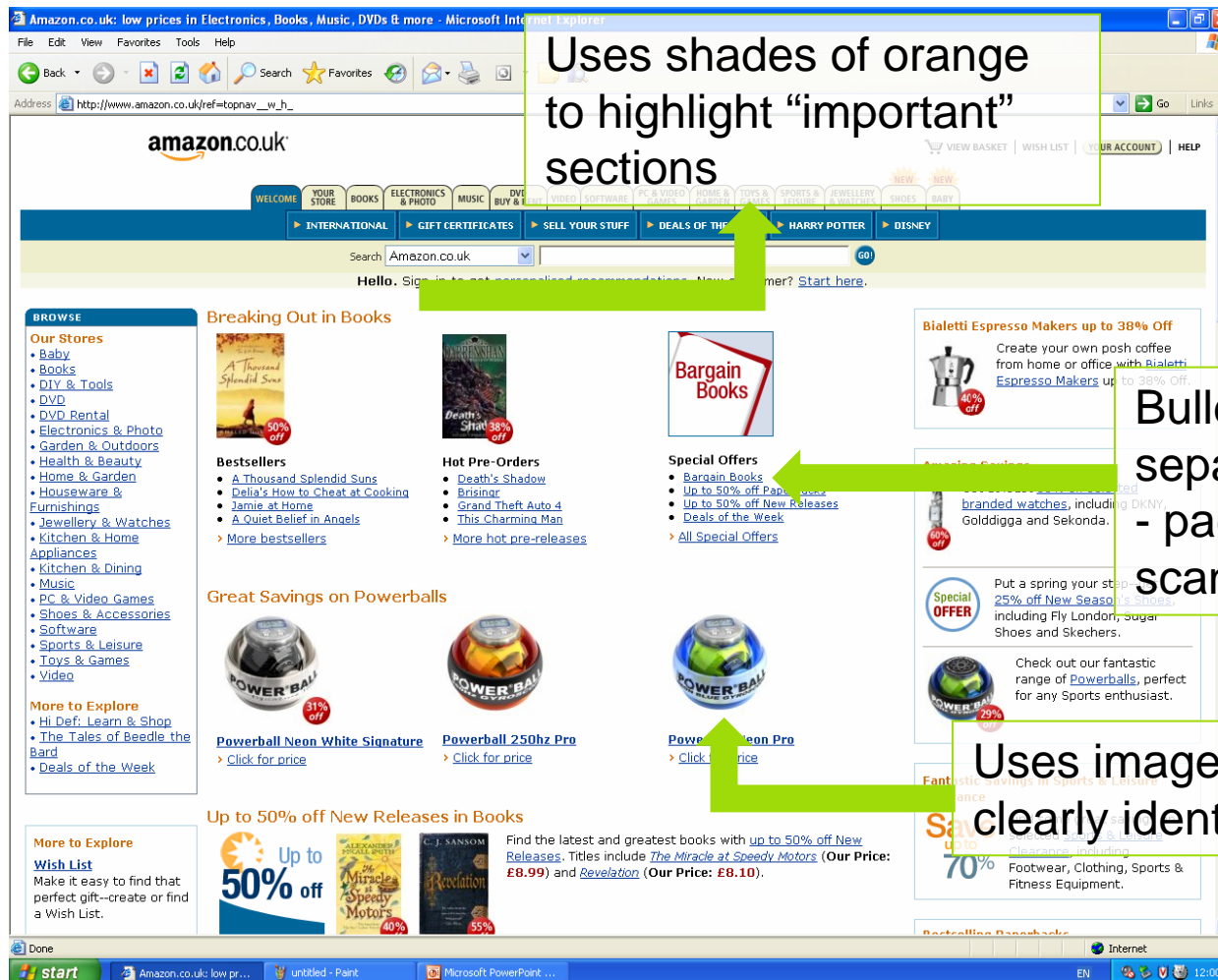


Place promotions in the centre of the page

Some areas consumed by adverts - some linking to external sites



# Strengths & Weaknesses: Visuals



# AMAZON.COM: CUSTOMER SATISFACTION

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# Customer Satisfaction Overview

- Highly customer orientated, reliable and informative
- Providing a somewhat fantastic after sales services
- Product diversification highlighted as excellent
- Product recommendation service highly favoured
- Factors leave Amazon at the top of its game

# AMAZON.COM: CONCLUSION

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# Conclusion

- Amazon's key successes lie in the purchasing and sourcing of products, their distribution systems and their customer relationships
- Amazon operates in a business which experiences quick cyclic growth - consistently improve customer relationships – continue investing in their distribution systems

# Winner?

- Amazon has had continued success and maintains a good competitive advantage over other e-commerce companies
- The technical design, business model and value chain are all contributing factors to the companies success
- Level of technology and expertise creates an edge for them in comparison to new entrants

# What lies ahead?

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*“This evolution of Amazon.com from Web site to e-commerce partner to development platform is driven by the spirit of innovation that is part of the company's DNA. E-commerce is still in its infancy. In the years to come, you'll see Amazon.com create new technologies, expand into more geographies and continue to improve the lives of shoppers and sellers around the world.” [Amazon.com]*

