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Amazon Case Study
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In 2019, Amazon was named the most valuable company in the world. Although they may not have the most ethical morals and goals as other companies, their internal functionality and strategy have allowed Amazon to position itself as one of the most powerful companies in the world.

When thinking about the resources and capabilities of Amazon, the list is long. Amazon was originally founded in Seattle, Washington because of the city's technological and book resources. Seattle being a technological hub for growing companies and its proximity to Ingram, a relevant company within the book industry in the 1990s allowed Amazon to gain the right resources to succeed. As AWS expanded and furthered its offering of web services, Seattle's position as a larger and growing technology hub fueled Amazon's growth as well.

Threshold and Distinctive Competencies

When thinking about the resources and capabilities of Amazon, Amazon has many threshold competencies, which are functionalities of their business that allow them to operate at a bare minimum. Thus, in order for Amazon to be operational it must have an online website, provide consumers with product offerings and deliver the product to the consumer. Amazon has taken almost every single aspect of its threshold competencies and grown them into a greater benefit for the company. As we look at competencies that provide Amazon with a competitive advantage, and distinctive competencies, we can see exactly how Amazon extracts value at every possible aspect of its internal strategy and process.

Amazon has four main distinctive competencies that provide a competitive advantage for the company. These four competencies are diverse product range, supply chain/distribution efficiency, brick-and-mortar presence, and research and development.

Diverse Product Range

Having a diverse product range provides a competitive advantage for Amazon. No other company is able to provide such a wide product range at such affordable prices. This quality

provides a high level of value for Amazon as well as a rarity factor. There are no clear competitors of Amazon largely contributed to their diverse product range offered online. This product range however could be imitated by another company, as they are following a dropship platform, acting as the ultimate middlemen between producers and consumers. Realistically another company could achieve this as well, they just may not have the power and control in markets, especially internationally, that Amazon has already achieved. The organization is positioned to support Amazon as a web service company, however, the company is not perfectly positioned to hold such a wide and diverse product range. Many products are fake or not functional.

Supply Chain Distribution Efficiency

Amazon has refined and executed its distribution to such a high level this competency has created an extreme competitive advantage for the company. Their delivery and distribution network creates an extreme level of value for its customers as customers can expect products to be delivered fast, and safely, and provides consumers with good communication. The delivery service associated with Amazon Prime creates an extreme level of customer loyalty and brand equity as consumers begin to associate reliability, speediness, and quality with Amazon. Amazon's supply chain logistics and distribution are world-class, making this competency very rare, but not impossible to replicate. Other companies offer fast and reliable delivery services as well, however, the customer loyalty and brand loyalty associated with Amazon Prime makes Amazon more attractive than other delivery services. Amazon is very well positioned to support this competency of the company as they have executed a high efficiency in all parts of the value chain. This allows Amazon to successfully have a world-class and reliable delivery network.

Brick and Mortar Presence

As Amazon expands more into and B to C front, this provides value for the company. Although e-commerce continues to grow at a rapid rate, there is still a large number of customers shopping at brick-and-mortar stores. Amazon will still attract a larger amount of customers than they are missing solely providing online services. Brick-and-mortar stores increase brand equity and allow Amazon to rapidly increase the number of touch points with consumers, also providing value. As Amazon has already dominated online markets in their given industries, expanding its brick-and-mortar presence creates a competitive advantage for Amazon as they attempt to dominate both online and physical commerce. Increasing brick-and-mortar presence is far from rare and can easily be copied. In fact, the majority of companies execute this competency better

than Amazon. Organization of Amazon is not also better positioned to support online commerce rather than brick-and-mortar commerce.

Research and Development

Given the financial and market domination of Amazon, they are in a niche position to foster innovation from research and development. As Amazon is one of the leading technology companies in terms of online services, technological breakthroughs and AI advancements fostered by R&D are highly valuable for the company. The financial power combined with the technological competencies of Amazon make their R&D almost impossible to imitate and the organization is in a great position to support R&D. Other large technology companies are also heavily involved in R&D efforts, making this competency not very rare overall.

Competitive Advantage Analysis

After viewing Amazon's distinctive competencies, there are distinct competitive advantages extracted from these competencies. There are four main competitive advantages Amazon has gained from these competencies: high brand equity, market capitalization, international networks, and superior software design.

Brand Equity

Amazon's brand equity is the strongest in all their respected industries worldwide from an online perspective. The company has proven to be reliable, efficient, and convenient for consumers through their web services, product range, and delivery network. High brand equity has also led to higher amounts of customer loyalty and a decrease in barriers as the company chooses to expand into new markets. Another reason for Amazon's high level of brand equity is its quality of customer service. Amazon offers a high level of convenience and accommodation to its customers through clear and effective online services, clear product reviews, and quality phone interactions. Amazon is notorious for its effective reviews system of products and ratings. Allowing filters based on customer feedback on their website and motivating interactions between consumers that people perceive as reliable creates a high level of value for Amazon and skyrockets brand equity.

Market Capitalization

Currently, Amazon is valued at over one trillion dollars. Almost every market the company has entered in the past 20 years has led to complete domination from an online perspective.

Amazon's cost-focus strategy within e-commerce markets has created extreme industry control for the company domestically and internationally. Amazon has the ability to best serve customers to a significant extent online as consumers are looking for a convenient way to get affordable generic items.

International Networks

Not only has Amazon been able to capitalize domestically within the United States, but Amazon has successfully expanded into international markets as well. As Amazon continues to dominate industries worldwide, it creates extreme barriers to entry for other e-commerce platforms, especially when expanding internationally. This also gives Amazon support when deciding to enter new markets or expand its reach even further. No other online company has been able to achieve the international power that Amazon has.

Software Design

Amazon's level of technological efficiency and user-friendly platforms has created an extreme competitive advantage for the company. Amazon's marketplace is a unique e-commerce design in its easy navigation, clear and diverse customizable features, clear refund/return processes, and customer feedback networks. All of these aspects make Amazon an extremely attractive company for almost any kind of user, creating a high level of value. This unique value proposition provided by the design and technological advancements of Amazon's web services creates a rare factor for the company as well, and the company is in a perfect position to support such innovative software and AI development.

Amazon Go

From a technological perspective, Amazon Go was a fantastic idea and is likely accurate to where our societies are heading in the future. However, society and Amazon were both not ready for the business venture. The technological advancement of an AI-empowered grocery store did not meet the demands of consumers adequately at the time it was launched. Although a fantastic idea, consumer demands did not align with the venture, and Amazon was not well positioned to support this kind of business venture. Amazon from an online perspective is dominant and powerful. However, from a physical store perspective, they have yet to adequately position

themselves to extract the same level of value from customers as compared to their online services.

Amazon Sourced

Amazon Go has a high potential to be extremely successful in the future as consumers gradually assimilate to contactless payment and more AI-driven customer touchpoints. However, one place where Amazon lacks environmental and ethical awareness. It is clear that Amazon does not sustain high morals of planet positivity or operational sourcing and transparency. Instead of introducing Amazon Go, Amazon could consider launching Amazon Sourced, which is An all ethically sourced grocery store with information about supply chain transparency and ethical agricultural practice. No store like this quite exists yet and takes into consideration the green factor as our society begins to demand more transparency from large corporations. This also positions Amazon to increase the level of network saturation by working with local producers and existing supermarkets. It also gives customers a motive to want to go into a brick-in-mortar store for the value it provides regarding ethical sourcing and high-quality products. Overall, Amazon Go is a fantastic and feasible concept that came too early for its time. Logistics and society must be at the correct point in time to fully accept this business venture.