

Company Overview

Amazon.com, Inc. is currently the world's largest online retailer. Initiated as an online marketplace for books back in 1994, the company has over 300 million active users using its services in various ways. Understanding the mounting revolution of the web, Jeff Bezos and Co. successfully turned an online bookseller into 'The Everything Store' owning a large number of subsidiaries. The company provides its service in more than 185 countries and has a revenue of 469.8 billion USD (Wikipedia contributors, 2022). Competing with giant companies like Alibaba Group, Netflix Inc., and Apple Inc., the company has over forty subsidiaries including IMDb, Goodreads, Amazon Web Services, and many more.



Fig: Key Information about Amazon (Gupta, 2022)

SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, which is an analysis framework to impartially examine and evaluate overall company performance from four different points of view. The SWOT analysis evaluates both internal as well external factors along with the company's current conditions and anticipated future events. Each four components of SWOT is unique and helps to analyze a company distinctively. 'Strengths' in SWOT depict what makes a company stand out from its competitors and what it outshines others at. 'Weaknesses' grasp areas where a company is unable to achieve its objectives at its supreme level. 'Opportunities' alludes to advantages that a company can take advantage of, to come out on top of their competitors. Lastly, 'Threats' are elements that can negatively affect a company.

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none">• Things your company does well• Qualities that separate you from your competitors• Internal resources such as skilled, knowledgeable staff• Tangible assets such as intellectual property, capital, proprietary technologies etc.	<ul style="list-style-type: none">• Things your company lacks• Things your competitors do better than you• Resource limitations• Unclear unique selling proposition	<ul style="list-style-type: none">• Underserved markets for specific products• Few competitors in your area• Emerging need for your products or services• Press/media coverage of your company	<ul style="list-style-type: none">• Emerging competitors• Changing regulatory environment• Negative press/media coverage• Changing customer attitudes toward your company

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Fig. Information on SWOT Analysis (Shewan, 2022)

SWOT Analysis of Amazon.com, Inc.

Strengths

i. Strong Brand Name and Valuation :

Being the largest online retailer worldwide, Amazon has a very powerful name and valuation. The brand name is unique, meaningful, and recognized all over the globe while the valuation of Amazon has also been huge. Positioning itself right behind Apple Inc. and ahead of Google, the brand value of Amazon is around \$249 billion, according to Global Brand Ranking in 2021.

ii. Customer Oriented Service :

Amazon has its clear motto of being the most customer-centric company on the planet. The company and its employees are bound by a principle that states, “customer passion rather than rival focus” (Jurevicius, 2022). The company focuses on serving a large number of customers at an economical price.

iii. Cost Leadership :

The company focuses on selling everything online which does not force Amazon to incur the operating cost of maintaining physical stores in multiple locations. Moreover, the company has also formed strategic partnerships with several other giant companies, to control costs and shorten inventory replenishment duration.

iv. Diversified Companies :

Amazon provides its services in three different business sectors: Amazon Prime, Amazon Web Services, and Amazon Marketplace. These are three growing businesses through which the company makes a lot of profits.

Weaknesses

i. Quality Focus :

Amazon primarily focuses on enhancing product search, buying convenience, and shipment duration of a product. However, the company is unable to verify the caliber of goods offered on its marketplace.

ii. Declination in customer safety :

With the incredible growth in product selection, Amazon is finding it challenging to thoroughly examine each product and guarantee a top level of safety. For instance, there are a lot of detrimental products and chemicals available on Amazon marketplace.

iii. Tax Evasion Controversies :

Amazon has been involved in quite several tax evasion cases, not just in the United States, but also in other nations like the United Kingdom and Japan. This brought a negative impact on the company's reputation and value.

iv. Product Failures :

Unlike AWS and Amazon Marketplace, there are a handful number of products in which Amazon failed miserably. Fire Phone is considered to be the biggest flop alongside other services such as Amazon Wallet, Amazon Destinations, and Music Importer.

Opportunities

i. Food Marketplace :

Considering the notable rise of online food deliveries, Amazon can dive into food delivery services just like their e-commerce marketplace. Introducing an online delivery platform such as Zomato and Uber Eats might be an opportunity to sprout a profitable business.

ii. Package Delivery :

Amazon has already started package delivery services which can outpace current packaging giants such as FedEx and UPS. Their plan to establish around 1200 delivery hubs alone in the US, clarifies how big they are trying to go.

iii. Transportation Industry :

Amazon is already seeking opportunities to enter the transportation sector in multiple countries. The introduction of electric rickshaws in India and the automated driving in the US can be a huge opportunity.

iv. Increment in physical stores :

By growing the number of physical stores, Amazon can easily enlarge customer engagement and become more competitive against other giant retailers in the market.

Threats

i. Fake Internet Reviews :

Internet reviews provided by users play a vital role in customer belief and the brand's reputation. Amazon has received millions of positive reviews but there are also hundreds and thousands of fake phony reviews which might be a threat to the company.

ii. Competitive Rivals :

Based on both online and physical presence, multiple rivals intend to get on top of Amazon every single day. This includes companies like Walmart, Alibaba, and many more.

iii. Fake Products :

Amazon has been facing a lot of issues lately, regarding forgery products delivered by third-party sellers. This has made customers seek alternatives, which is a threat.

iv. Government Policies :

Rules and regulations implemented in different countries can impact the business of Amazon in distinctive ways. For instance, the economic crisis is currently disallowing countries to import certain goods and this can certainly be a threat to business to grow.



Fig. Pictorial representation of Amazon's SWOT Analysis (Created in Figma)

Solutions based on Porter's Competitive Advantage Strategy

Out of all the weaknesses mentioned in the SWOT analysis above, two weaknesses that require appropriate solutions are **quality focus and product failures**.

Possible solutions for these issues are:

i. Cost Leadership :

Amazon's AWS such as EC2 Dedicated Hosting is very expensive, costing up to \$28,000 per year. By implementing the cost leadership strategy, Amazon can provide their AWS service at a more reasonable price to their clients and increase sales.

ii. Differentiation Focus :

To avoid product failures, Amazon can create unique products focusing on a specific market to stand out from their competitors. However, this must be done with an appropriate study of customer demands and market regulations as well.

b)

i. Possible Security Threats & Recommendations

o Internet Hackers

Internet hackers have grown significantly in the last decade. These hackers can gain access and hijack a system even with the smallest loophole. In the case of Amazon, hackers can gain access to subsidiary computing networks and attack them. This can cause a huge loss to a business like Amazon.

o Recommendation

Amazon should constantly encourage their users to use two-factor authentication to keep their accounts secured. Moreover, Amazon should verify gift cards with an authenticator or fingerprints before someone uses them.

○ Data Control

Amazon services such as AWS claim that users can control their data safely and to the fullest. However, there is always a risk of data leaks because someone could release the data by mistake or even intentionally (Hamel, 2017).

○ Recommendation

To overcome these sorts of issues, Amazon must encrypt its data at the highest level of security, to prevent someone from accessing it.

ii. Use of IT as Supply Chain Enabler

Firstly, Amazon's supply chain refers to the process using which Amazon operates everything from product storing to product delivery. In this process, the company makes maximum use of Information Technology to diversify reach, build financial gain, and increase the company's productivity.

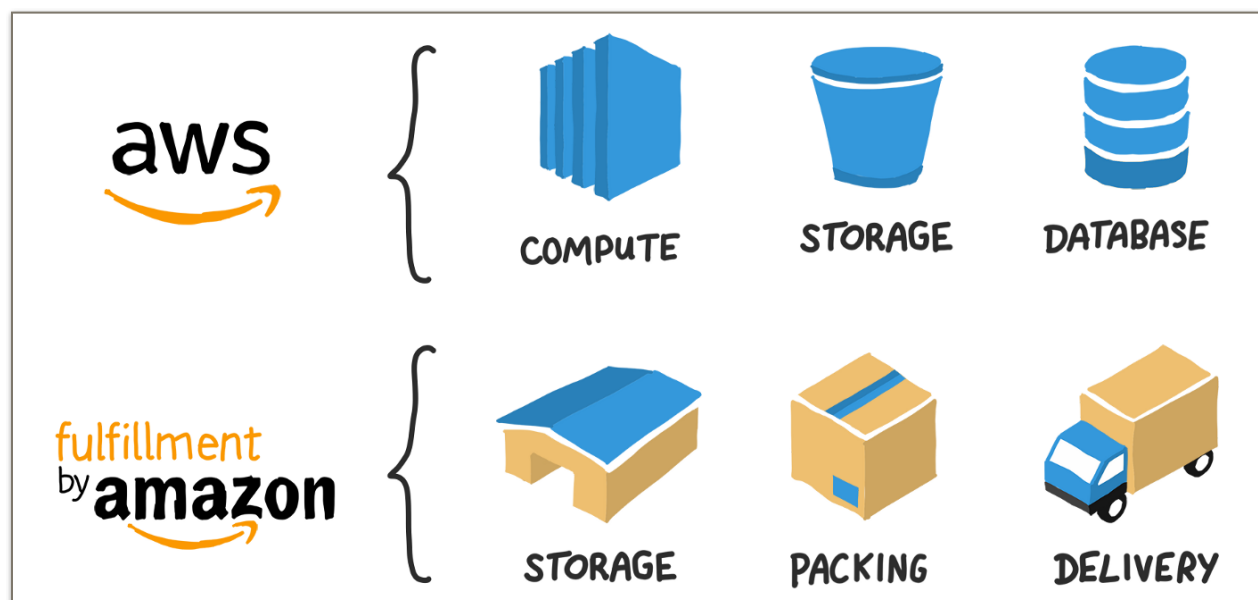


Fig. Overview of Amazon's Supply Chain Process (T., 2018)

Understanding Amazon's supply chain strategies, we can see that there are two key elements: Amazon warehouses and Amazon's delivery. The company can make use of numerous robotics and automated technologies in these departments to enhance efficiency and decrease warehouse costs as well. Since Amazon has already introduced the web and other technical services, the company can also make appropriate use of technology by manufacturing digital products and selling them at lower prices themselves.



Fig. Potential drone delivery from Amazon (Johnson, 2020)

The figure above depicts a drone that Amazon plans to use for product deliveries. If planned and utilized correctly, the drone service can be a game changer for Amazon. It clearly shows how technology can make things feasible and simplify the supply chain. It

can work as a supply chain enabler for the company and helps to maintain operation and worker costs as well.

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