**Introduction to Innovation, IP Management and Entrepreneurship**

**Mid-Term Exam 2**

**(Maximum Marks = 20)**

**Consider any company that is considered to be a market leader and innovator (eg. SpaceX, AirBnB, SalesForce etc)**

1. **What is the value proposition offered by this company?**

## Ans. A company like [Amazon](https://fourweekmba.com/amazon-business-model/) has multiple value propositions, as it serves several target customers in different markets. With its mission “to be Earth’s most customer-centric company, where customers can find and discover anything they might want to buy online and endeavors to offer its customers the lowest possible prices,” [Amazon](https://fourweekmba.com/amazon-business-model/) value propositions range from “Easy to read on the go” for a device like Kindle, to “Sell better, sell more” to its marketplace. Amazon Prime which says Anything you want, quickly delivered represents the quintessential value proposition of online convenience. It serves an audience of people who tend to be in a hurry. If they need something, they cannot be bothered going to a shop and don’t want to wait more than a day before it gets delivered.The free one-day delivery is at the core of the customer experience. But I think people also like how privileged they feel. It’s not for everyone and this sense of exclusivity is also comforting. On top of that, [Amazon](https://fourweekmba.com/amazon-business-model/) bundles free fast delivery with many add-ons such as [Amazon](https://fourweekmba.com/amazon-business-model/) Video and Kindle Unlimited. This is a great deal and reassures those who feel concerned about subscribing to Prime. It’s not just a discount a delivery but a real membership with many benefits included.It gives them a great sense of value.

It’s difficult to make an exhaustive list of [Amazon’s](https://fourweekmba.com/amazon-business-model/) [value proposition](https://fourweekmba.com/amazon-business-model/) as the company targets a variety of audiences with a lot of different products.

These range from Amazon self-publishing to Amazon Fresh to Amazon Music.

1. **What is the one thing this company can do better than anyone else that will be very difficult for anyone to copy?**

**Ans.** There is not one thing that amazon can’t do better than anyone else as Amazon has for years been held up as the gold standard in ecommerce because of its rapid growth and dominance in online retail. This success has created a halo effect, where some automatically assume “if Amazon does it, it must be right.” The main power of amazon is it’s reputation that it has created in so many years  and is one of many reasons why the company is so very difficult for anyone to compete with and copy it.

There are several other factors also that makes it even harder to compete and copy amazon is Customer Loyalty,The company's mission is to be Earth's most customer-centric company, and it's taken that to heart by offering free shipping on returns and programs like Prime that offer a smorgasbord of benefits. Historically, the company has been happy to sacrifice profits in order to keep prices low and win over customers.

Amazon was ranked No. 1 in customer satisfaction by the American Customer Satisfaction Index this year -- a sharp contrast with its top rival Wal-Mart, which perennially ranks near the bottom in such surveys. Amazon Prime [retention rates](https://www.fool.com/investing/2016/06/01/amazon-prime-improves-its-customer-retention-rate.aspx) are also high with an estimated 91% of first-year users renewing for a second. The other factors our also low price perception, high tech and its corporate culture which Founder and CEO Jeff Bezos explained the companys core ideal that the company will forever operate with the energy, speed, and risk-taking of a start-up, no matter how large it gets. That's why the company has flung itself headlong into so many emerging technologies and markets, including cloud computing, video streaming, voice-activated technology, e-books, and more.

1. **What assets (capabilities, connections, branding opportunities, personal attributes, personal wealth, IP, unique insights, key customer commitments etc.) does this company have?**

Ans.

**Capabilities:**

For Amazon, such capabilities include offering a wide selection of products and services, operating an efficient supply chain to fulfill orders and providing excellent customer service.

**Personal Attributes:**

**The 4 traits that make Amazon's Jeff Bezos such an unusual tech leader are:**

* Big Thinker. “He's an unbelievably big thinker.
* High Standards. “He **has** very high standards.
* Strategically Patient, Tactically Impatient.
* Amazing Learner.

**Personal Wealth:**

Amazon founder **Jeff Bezos** is the world's wealthiest person, according to the latest Bloomberg Billionaires Index, with a net worth of $182 billion.

**IP:**

Amazon is dedicated to providing customers with the widest selection of goods on Earth and creating an amazing customer experience. Amazon does not allow listings that violate the intellectual property rights of brands or other rights owners.The IP includes:

## 1)Copyright: Generally, copyright law is meant to incentivise the creation of original works of authorship for the benefit of the public. To receive copyright protection, a work of authorship must be created by an author and must have some amount of creativity. If you are the author of an original work, you typically own the copyright in that work.

## 2)Trademark: A trademark is a word, symbol or design, or a combination of same (such as a brand name or logo) that a company uses to identify its goods or services and to distinguish them from other companies’ goods and services. To put it another way, a trademark indicates the source of goods or services. Generally, trademark laws exist to prevent customer confusion about the source of goods or services.

Example: “Amazon” is a trademark that we use for many of our goods and services. Other Amazon trademarks contain both pictures and words, such as the “Available at Amazon” trademark.

## 3)Patent: Patent is a form of legal protection for inventions. An issued patent grants its owner the right to exclude others from making, using, offering to sell, selling, or importing the invention into India for a fixed number of years.Patents may be granted for a new machine, articles of manufacture, composition of matter, process, or improvement to any of those, and generally protect the structure and functions of a product rather than how it looks.

## 4)Industrial Designs : An industrial design is a form of legal protection for an original ornamental plastic form of an object or set of lines and colours that may be applied to a product. An industrial design protects the appearance of a product and is intrinsically linked to a product.

## 5)Designs: In India, designs are regulated or protected under the Designs Act, 2000 ("Design Act"). A design is the features of shape, configuration, pattern, ornament, or composition of lines or colours applied to any article whether two dimensional or three dimensional or in both, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeals to and is judged solely by the eye.

**INSIGHTS**:

Amazon Customer Insights is a program designed for sellers, allowing them to solicit feedback – in the form of a single, solitary question – to discover why Amazon customers buy, what they like and what their purchasing habits are.

1. **Why is the core of this business unique?**

Ans. 1) **Amazon** offers a huge number of SKU's, **unique** product identification numbers, meaning that they have a much broader selection of products than almost anybody else. This convenience is appealing, and it draws in a vast crowd of consumers who are merely looking for the easiest way to get their products.

2) Although it might seem hard to imagine in this day and age, there was a time when shipping was expensive and returns cost money. Amazon was a pioneer in this regard, they popularized free shipping and returns, reducing the barrier to entry for consumers who were wary about shopping online.

3) Overnight Delivery were one of the first stores online to offer the option of having overnight delivery at a reasonable price. This tactic tackled the problem of online shopping which is that you must, of course, [wait for the product to arrive](https://www.theodysseyonline.com/the-14-stages-of-waiting-on-package), and that can be infuriating for the consumer.

By offering overnight shipping at a reasonable price, they could acquire customers who would otherwise go to a physical retail store because they were unwilling to wait for the usual 3-days.

## 4) Incredible Customer Service is essential for any eCommerce [business, and the owner knows](https://www.blackjackclassroom.com/mobile-blackjack) the customer service is the most crucial factor in your success. Without incredibly customer service you will hemorrhage customers, and those people will go on and ruin your brand’s reputation. Amazon has succeeded in this realm, offering fast and informative customer service to its customers at any time of day across the entire globe.

## 5) Talented Management is the important key.Of course, Jeff Bezos didn’t stumble into becoming the CEO of Amazon, he previously worked for an investment company and has always been incredibly talented. He has also hired particularly well, and that’s created an outstandingly gifted team of senior managers who have steered the direction of the company from the top. Without proper management, it’s nearly impossible for a company to achieve anything, a group rots from the head, and that’s why senior management is vital to Amazon’s success.

1. **Why is this core important to their target customer?**

**Ans.** Amazon segmentation, targeting and positioning involves a set of activities aimed at determining specific groups of people as customers and developing products and services attractive to this group. Segmentation involves dividing population into groups according to certain characteristics, whereas targeting implies choosing specific groups identified as a result of segmentation to sell products to. Positioning refers to the selection of the marketing mix the most suitable for the target customer segment.

Amazon mainly uses the following two types of positioning to target customers:

**Multi-segment positioning**. Amazon offers a wide range of products and services, successfully exploiting more than one segment at the same time. Specifically, the online retail giant sells almost 120 million products, appealing to the needs and wants of a wide range of customer segments.

**Adaptive positioning**. The online retail giant closely monitors changes in external marketplace and addresses increasing customer expectations by periodically repositioning of products and services according to changes in the segment.

1. **Why can’t its competitors catch up with this company?**

Ans. The competitors of amazon cannot catch up with it because of the following benefits it has created it for itself:

1. **Customer loyalty :** The spike in traffic at Whole Foods isn't only owed to lower prices. Customers also flocked to Amazon's latest prize, because they love the company and want to see what changes it'll make at the grocery chain.The company's mission is to be Earth's most customer-centric company, and it's taken that to heart by offering free shipping on returns and programs like Prime that offer a smorgasbord of benefits. Historically, the company has been happy to sacrifice profits in order to keep prices low and win over customers. Those efforts have paid off as the company's consistently grown revenue by more than 20% a year, grabbing market share the whole time.
2. **Low Price Perception:** Amazon has become the first-stop shop for many Americans, because its prices are often assumed to be the lowest available, or at least competitive. That reputation helps to explain the traffic spike at Whole Foods.But the company doesn't always offer [the lowest prices](https://www.fool.com/investing/2017/03/01/3-times-amazon-responded-directly-to-competitive-t.aspx). It has created that perception by focusing discounts on the most popular or competitive products on its site, but not the less popular ones, creating a halo effect for many items that consumers are less likely to comparison shop for.
3. **High Tech:** Amazon is more than just a retail giant. It's also one of the foremost technology companies in the world as it pioneers things like drone delivery and voice-activated technology. That gives it an advantage over retail rivals as Amazon has consistently been ahead of the curve on pricing algorithms and website functionality, and it's built the leading cloud computing provider, which powers its own website. Similarly, products like Alexa, Kindle, and video streaming also complement the company's many offerings, creating an ecosystem within Amazon Prime.
4. **Corporate Culture:** Amazon's unique culture may be the basis for all of its other advantages. Founder and CEO Jeff Bezos explained the company's core ideals, insisting that it's always "Day 1" at Amazon. That mantra means that the company will forever operate with the energy, speed, and risk-taking of a start-up, no matter how large it gets. That's why the company has flung itself headlong into so many emerging technologies and markets, including cloud computing, video streaming, voice-activated technology, e-books, and more. It also ensures that Amazon moves so fast that even as its competitors adapt, it will be hard for them to catch up. The company is continually investing to make the value proposition better for customers with new fulfillment centers and programs to offer even more products and services.

Wal-Mart, for example, has begun emulating that philosophy after it acquired Jet.com, and with it, founder Marc Lore, who had sold the first e-commerce company he started, Quidsi, to Amazon in 2010. Soon after the acquisition, Lore announced that Wal-Mart was "moving at the speed of a start-up" with a free shipping on orders over $35 and other tactics like Pickup Discoun

1. **From the customer’s perspective, how does this company’s product rank compared to other alternatives in the market?**

Ans. From the customer perspective,A large majority of consumers are more likely to buy products from Amazon than other e-commerce sites. While many brands have carved out a compelling value proposition that entices customers to shop directly on their sites.Most brands face a serious uphill battle if they view Amazon as a pure competitor.

Amazon used to be primarily the place you’d go to find some products less expensively than in stores. But today, Amazon is so much more. Amazon is a convenient place to shop (they already have my shipping address, payment methods, and a familiar search interface), it's a compelling place to shop (the Prime program has a significant psychological lock-in effect), and it is a very trusted place to shop. Amazon is now the place that consumers go to for all phases of their purchasing decisions—from initial research, to reading reviews and checking prices, to an ultimate purchase.