

VI.6.1 Business: Organization and Strategy  
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Semester- VIth

**Assignment of Organization Strategy**

**Question-** Name three firms that are key players in e-business. What is the competitive advantage of each?. Are those competitive advantages sustainable? If so, brainstorm possible events or circumstances which could reduce their sustainability?

**Solution-** The three key players of E-Business who are dominating the world are as follows-

1. Amazon
2. Walmart Stores Inc
3. Alphabet

Overview of the main players in the E-Business with their competitive advantage of are described below-

1. **Amazon-** Amazon was founded by *Jeff Bezos* in Bellevue, Washington, in July 1994. The company initially started as an online marketplace for books but later expanded to sell electronics, software, video games, apparel, furniture, food, toys, and jewelry. In 2015, Amazon surpassed Walmart as the most valuable retailer in the United States by market capitalization.  
Amazon is an American multinational technology company based in Seattle. It focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. It is considered one of the Big Four tech companies, along with Google, Apple, and Microsoft. It has been referred to as "*one of the most influential economic and cultural forces in the world.*"



Figure-1 Services provided by Amazon  
(Reference- [dealhack.com](http://dealhack.com))

Amazon has been a major winner when it comes to the retail sector. Not only has the online giant been able to maintain its profitability and expand its operations, but it has also been successful in attracting customers away from its rivals due to several competitive advantages.

2. **Walmart Stores Inc.-** Walmart Inc. is an American multinational retail corporation that operates a chain of hypermarkets, discount department stores, and grocery stores, headquartered in Bentonville, Arkansas. The company was founded by *Sam Walton* in 1962 and incorporated on October 31, 1969.

Walmart is the world's largest company by revenue, according to the Fortune Global 500 list in 2019. It is also the largest private employer in the world with 2.2 million employees. It is a publicly-traded family-owned business, as the company is controlled by the Walton family. Sam Walton's heirs own over 50 percent of Walmart through their holding company Walton Enterprises and through their individual holdings. Walmart was the largest U.S. grocery retailer in 2019, and 65 percent of Walmart's US\$510.329 billion sales came from U.S. operations.

On May 9, 2018, Walmart announced its intent to acquire a 77% majority stake in the Indian e-commerce company Flipkart for \$16 billion, in a deal that was completed on August 18, 2018.



Figure-2 Services provided by Walmart  
(Reference- [dealhack.com](http://dealhack.com))

Walmart is not only the world's largest retailer with the highest number of sales per square foot, but it is also the world's largest private employer. Walmart products are made in more than 70 countries. At any given time, Walmart is managing an average of \$32 billion in inventory throughout its 11,000 stores operating in 28 countries. On top of

that, Wal-Mart has made several noteworthy acquisitions in the past couple of years to try to compete more online. Wal-Mart's influence is so vast that its impact on communities and society as a whole has been a frequent topic of academic interest in a variety of areas.

3. **Alphabet-** Alphabet Inc. is an American multinational conglomerate headquartered in Mountain View, California. It was created through a restructuring of Google on October 2, 2015, and became the parent company of Google and several former Google subsidiaries. On 3 December 2019, *Larry Page* and *Sergey Brin* jointly announced that they would step down from their respective roles, remaining as employees and still the majority vote on the board of directors. *Sundar Pichai*, the CEO of Google, is to assume the CEO role at Alphabet while retaining the same at Google.

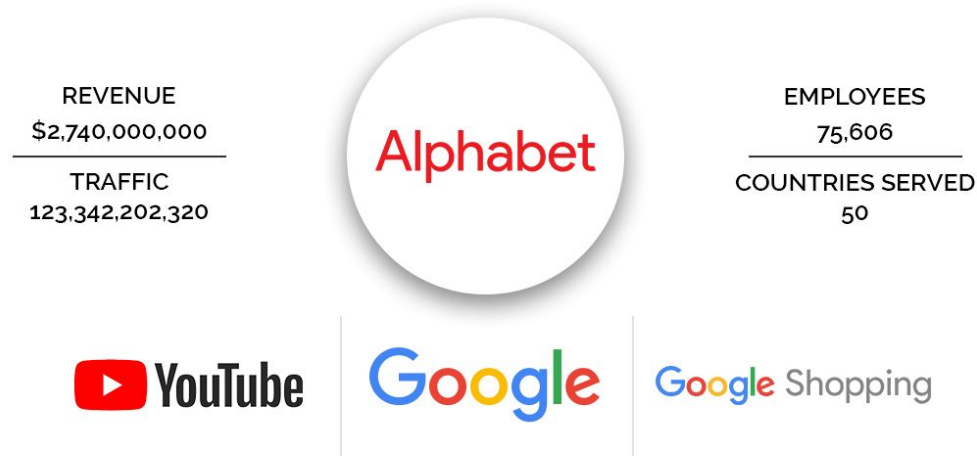


Figure-3 Services provided by Alphabet  
(Reference- *dealhack.com*)

Alphabet is a major online traffic-driver in a number of categories. Through Google, its flagship property, the company's organic search results, and paid ad listings help support new and established e-commerce brands through their YouTube property, Alphabet helps generate demand for new products through influencer marketing as well as advertising. Alphabet had a quite big list of companies that comes under it. Starting from A for *Android*, *AdSense* to Z for *Project Zero*.

However, since Amazon emerged as a juggernaut in the e-commerce space, Google's share of shopping searches has been threatened. Also, it is not yet clear if Google's status as a search engine is becoming a liability from a legal point of view: Alphabet was recently fined €2.42 billion for a violation of anti-trust law due to how Google Shopping is displayed in search results in contrast to other product comparison services.

A competitive advantage is what makes an entity's goods or services superior to all of a customer's other choices. The term is commonly used for businesses. The strategies work for any organization, country, or individual in a competitive environment.

Yes, these competitive advantages are sustainable. Here are some points which will explain that the competitive advantages of different E-Business giants are sustainable in nature-

## **1. Amazon-**

*1.1 Growth at all costs* - Amazon's growth-at-all-costs strategy is to focus on top-line growth at the expense of bottom-line profits. This strategy has resulted in a level of leadership in its core retail business that rivals the Sears catalog in its heyday.

*1.2 Turning operations into profit centers* - Amazon turned operations aspects of its business into profit centers, first with Fulfillment by Amazon and then with Amazon Web Services (AWS), which is the biggest profit driver for the company after its retail business.

*1.3 Leveraging data to build private labels*- One of the ways that Amazon leverages its popular marketplace is by using the data to better understand customer demand and to create private-label products to serve those needs. Unlike Walmart, which acquires established brands, Amazon's approach is to try to build their own. From research done by Quartz, Amazon has quietly created 91 brands to sell on its platform in a number of categories.

*1.4 Volume approach to hiring*- Amazon has taken the same growth-at-all-costs approach to hire. Amazon employs MBA grads at a scale that is not seen by many other companies more than 1,000 as reported by the Wall Street Journal.

## **2. Walmart Stores Inc.-**

*2.1 Early supply chain and logistics innovator*- All in all, the supply chain and logistics infrastructure that Wal-Mart created to scale and to live up to its brand promise of low prices is among the greatest and most storied. Additionally, Wal-Mart is featured on Gartner's list of top 25 supply chains.

Wal-Mart is also an early supply chain innovator. Among Wal-Mart's early innovations is Vendor Managed Inventory (VMI), which makes vendors responsible for managing their products in Wal-Mart's warehouses. Another early innovation adopted by Wal-Mart was continuous replenishment (CR), in which a vendor continuously monitors Wal-Mart's inventory and automatically replenishes its inventory when it reaches the re-order point. CR is a more advanced approach to meeting product demand that

eliminates the need to send purchase orders, reduces inventory costs for Wal-Mart, and helps the customer by ensuring that the product they want is in stock.

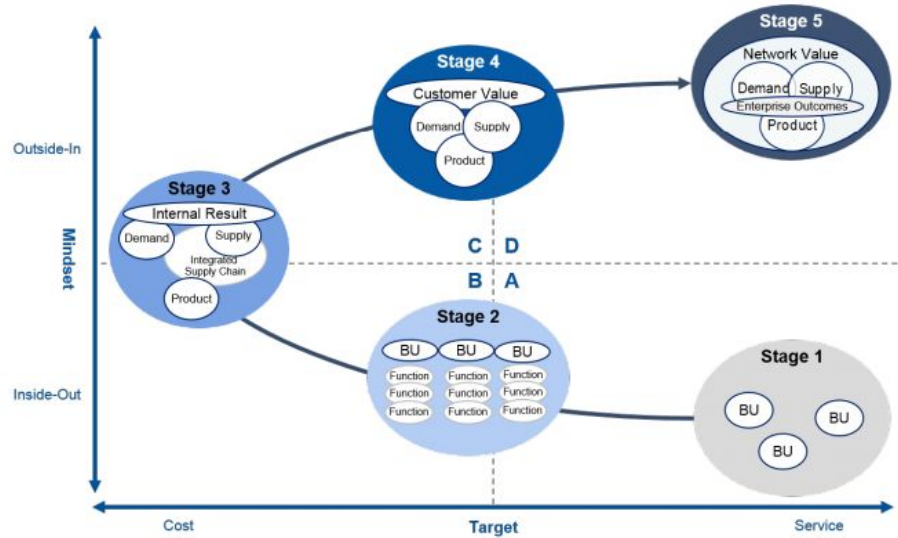


Figure-4 The DDVN Maturity Journey  
(Reference- The Gartner Supply Chain Top 25 for 2016)

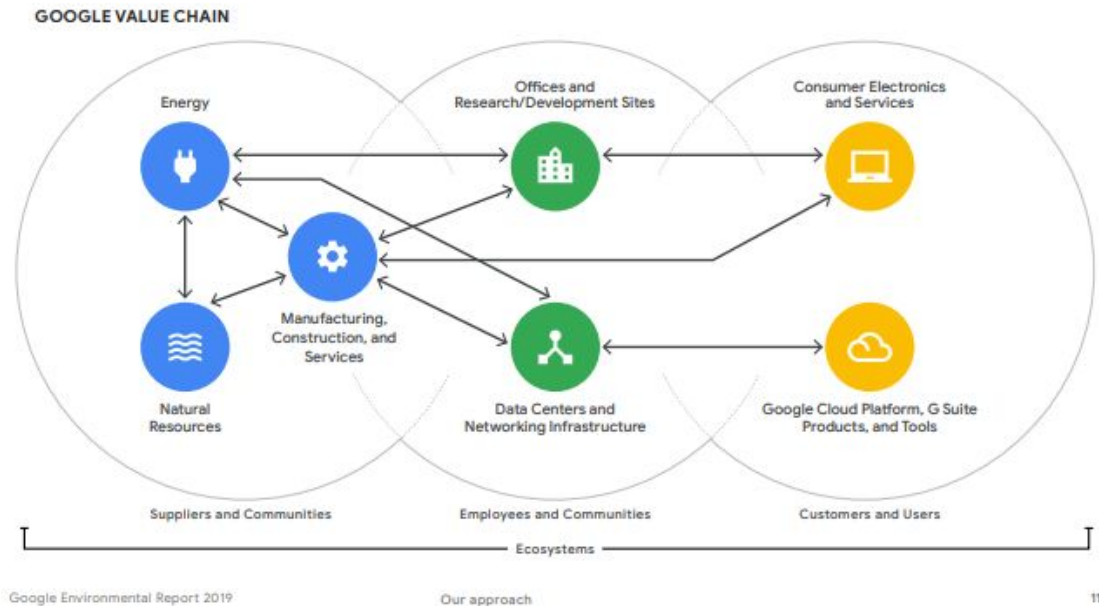
The seven dimensions of the Gartner DDVN maturity model (*"Assess Your Supply Chain Maturity Using the Seven Dimensions of DDVN Excellence"*) establish a clear definition for each aspect of the supply chain, as it matures and integrates with focus on customer value.

*2.2 Acquisition spree of popular e-commerce brands-* It has been well-publicized that Wal-Mart is on an acquisition spree in the consumer space. Acquisitions that attracted major press attention include Jet.com, Bonobos, Modcloth, and Shoes.com. It is also rumored but not confirmed by either party that Wal-Mart is in talks with Birchbox. Only the future will tell if the acquisition spree will pay off as Walmart continues to face off against Amazon.

*2.3 The biggest employer in 19 states and the largest private employer in the world-* According to research by Olivet Nazarene University, Wal-Mart is the largest employer, not just the largest private employer, in 19 U.S. states. This list includes populous states such as Texas and Illinois as well as less populated ones like Wyoming.

### 3. Alphabet-

*3.1 Truly global scale and massive online traffic-* Google is the default search engine in many countries, with legitimate competitors for search share in only a few regions. Out of all of the influential platforms and marketplaces analyzed, Google gets the most traffic by far.



*Figure-5 Google Value Chain*  
(Reference- Google 2019 Environmental Report)

*3.2 A major platform for influencer marketing-* YouTube is a huge platform for influencer marketing, with established influencers driving awareness and transactions for brands in several major consumer sectors, including electronics, cosmetics, gaming, and others.

*3.3 Partnership with Wal-Mart on voice search-* Google has recently partnered with Wal-Mart to deliver more effective voice search with Google Assistant, in order to better compete against Amazon Alexa's voice search service. One interesting area of speculation around this trend surrounds whether Google, like Amazon and Facebook, will become more of a closed platform in the future, making it harder for e-commerce brands to gain visibility without paying for ads.

E-Business companies are trying their best to reduce sustainability. Some major steps taken by them are-

### 1. Amazon-



*Figure 6- Sustainable future by Amazon*  
(Reference- [sustainability.aboutamazon.com](https://sustainability.aboutamazon.com))

On September 19, 2019, Amazon and Global Optimism announced The Climate Pledge, a commitment to meet the Paris Agreement 10 years early. Amazon is the first signatory of this pledge. The Climate Pledge calls on signatories to be net-zero carbon across their businesses by 2040- a decade ahead of the Paris Agreement's goal of 2050.

**100%**

#### **Net-zero carbon by 2040**

Deploying our technology and people to reach net-zero carbon across Amazon by 2040, one decade ahead of the Paris Agreement.

**80%**

#### **Renewable energy by 2024**

Investing in wind and solar to reach 80% renewable energy across all business operations by 2024. We expect to reach ~40% renewable energy by the end of 2019.

**100%**

#### **Renewable energy by 2030**

Investing in wind and solar to reach 100% renewable energy across all business operations by 2030.



**50%**

### **Shipments net zero carbon by 2030**

Our vision to make all Amazon shipments net-zero carbon, with 50% of all shipments net zero carbon by 2030.

- 2. Walmart Stores Inc.-** Walmart is reporting progress in areas such as emissions, renewable energy, and human rights.

### **Our Sustainability Programs**



Environmental Hot Spots



Worker Dignity



Food Safety

*Figure 7- Sustainable Program by Walmart*  
(Reference- [walmart.org/what-we-do/enhancing-sustainability](https://walmart.org/what-we-do/enhancing-sustainability))

In its inaugural Environmental, Social and Governance (ESG) report, Walmart said it reduced scopes 1 and 2 annual greenhouse gas emissions by 6.1% in 2017 compared to 2015 levels. Walmart also said it has made advancements in its global Project Gigaton effort that asks suppliers to help avoid 1 billion metric tons of emissions in the company's collective value chains by 2030. Suppliers reporting avoiding more than 93 million metric tons of emissions over the last two years.

In addition, as part of Walmart's goal of being supplied by 50% renewable energy by 2025, 28% of Walmart's electricity needs are now supplied by renewable sources.

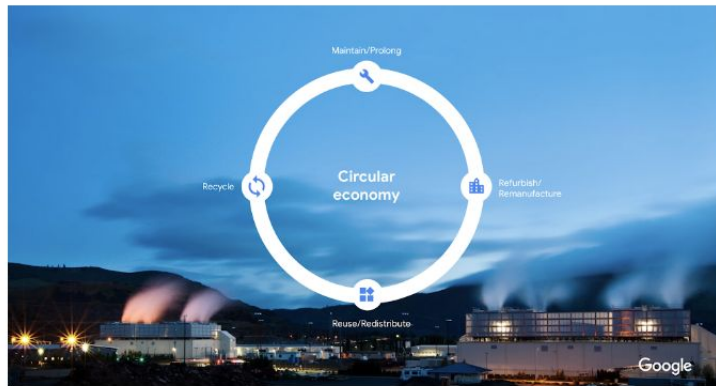
- 3. Alphabet-** Google announced new efforts in its quest to be a more "sustainable" company. It has increased the use of recycled plastic in Google products (including Nest and Stadia), announced a 100 percent carbon offset program for Google product delivery, and is investing \$150 million to bring renewable energy to Google's manufacturing centers and their communities.

These latest updates follow Google's announcement in September that it made "the biggest corporate purchase of renewable energy in history." That included a \$2 billion investment in building clean energy infrastructure. But these programs didn't come out of thin, smoggy air. Google made the September announcement the day before a group of its workers went on strike to demand more action on climate change.



# Sustainability

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## A circular Google in a sustainable world

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### SUSTAINABILITY

Steps toward a more sustainable future



Figure 8- Sustainable Program By Alphabet  
(Reference- [sustainability.google](https://sustainability.google))

## Conclusion-

Amazon, Walmart, and Alphabet all three had a major contribution in day to day life of everyone. In some way, we are using them for our needs. These giants had made the life of people easier and reliable. The generation in which we are living and calling it the generation of Technology can't be possible without the contribution of these three tech giants. All of them have their own advantages like Amazon is considered as the biggest E-Commerce platform in the world which sells pencil to vehicle. Walmart the biggest retail chain market in the form of a supermarket, grocery store, departmental store. Both Amazon and Walmart make the life of the customer more convenient because everything is available in one place. Despite selling products, they are coming with new innovative ideas to increase their customer base. On the other hand, Google is mainly used as a default search engine along providing Ads facilities for the various companies to promote online and providing Android OS which is used in maximum smartphones. So, all these are big rivals but are taking their help for establishing much better in this competitive world.

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