Case Study: How CRM is The Secret Behind Amazon's Success

The world of online shopping is a market driven by massive competition and constant changes. Despite this, Amazon is still the preferred one-stop-shop destination for millions of loyal customers worldwide. But how did they do it?

The World of Amazon

We all know Amazon. We've all shopped there. And the reason we return to their website, time after time, is because it's easy. Their one-click ordering makes it embarrassingly convenient to shop for a new product (or three) that you may or may not need, and their prime delivery is a complete life saver when you suddenly, at 7 on a Saturday evening, remember that Mother's Day is actually tomorrow. We have all been there, right?

The simple truth is that we continuously return to the alluring world of Amazon because they make it easy for us. Remembering your past purchases better than you do. Recommending products you might need. Storing your card details and information for an effortless checkout. All of their online decisions reveal a streamlined buying process where they give their clients exactly what they want – in the easiest way imaginable.

Nonetheless, most people are not fully aware of just how massive Amazon actually is. In fact, it's being estimated that, at some point in the near future, more than 85% of the world's products will be available for purchase on Amazon. Few other online retailers can compete with that. Yet, the numbers only increase: of every $1 Americans spent online in 2015, Amazon managed to capture 51 cents. Furthermore, it was recently revealed by Jeff Bezos, the founder of Amazon, that 25% of all American households now holds an Amazon Prime membership. According to Bezos' estimations, this is a number that will most likely rise to 50% of all households by 2020.

With this in mind, we can't really do anything but agree with Bezo's claim that "What's really happening out there is that Amazon is shredding the competition, and the competition just doesn't know what to do about it".

The Basics of CRM

Success is no accident, as the great footballer Pele once declared, and this is is especially true for Amazon. Founded by Jeff Bezos in 1994, the original vision was to build a virtual shopping place for book lovers. Wise investments and a fool-proof business plan helped navigate the young company safely through the dot-com crash, and Amazon is now the largest internet retailer in the world as measured by revenue and market capitalization. And a lot of this success can be attributed to their dynamic CRM system.

But what exactly is a CRM system?

Short for [Customer Relationship Management](), a CRM software is the key to managing and synchronising your business communication and information. In today's world, CRM is no longer considered a trend, but rather as a standard requirement for most businesses. While CRM has been around since the 1990s, it has gone through a massive development over the recent years. Today's CRM systems can synchronise and group your external contacts, give your employees up to date information about your customers, and ensure that your client have the best possible experience when dealing with you and your company.

More recently, CRM developers have added enhanced features like analytics and management modules, resulting in the systems that we have today: a database of prospects and leads which you can access from a range of devices. Used wisely, it can open up communication between you and a potential customer, and it can build lasting relationships between companies, teams and individuals. Most importantly, different teams need different views. You need to be able to fine tune your CRM system to the needs of your business.

As Amazon knows rather well, a CRM system is not a one size fits all solution.

User friendly. Great selection. Convenience. If you ever find yourself thinking of Amazon, chances are that these words immediately spring to mind. In fact, these factors are so imperative to the company's success that it would struggle if they no longer provided a user friendly website, smooth communication operations, and their impressively high level of data storage. As you might have guessed from the headline, one of the secrets behind this is a good CRM system.

Financially, Amazon is operating with nearly unlimited resources. Instead of shopping around for the best software system on the market, Amazon invested valuable time and money to build an in-house software tailored to their specific needs. But don't let it trick you: while their software is certainly unique, thanks to software enhancements and constant innovation in the marketplace, it's now largely similar to most other good CRM systems on the market. It actively captures customer data – for example, all your previous purchases – in order to give their customers an accurate and streamlined shopping journey. Moreover, the customer journey involves basically no human interaction at all: in just a few clicks, you can access your previous orders, track your parcels or update your details. All of this reveals a system which is both quick, profitable and efficient – for Amazon and their clients alike.

Neatly Organised User Interface

If you are to only take one lesson from this case study, let it be the following: user interface is everything. Take a peek at Amazon, and you will find that their website is clean, streamlined, easy to understand, and easily searchable. The images are inspiring and high-quality, the descriptions are detailed and accurate, the prices and reviews are plainly visible, everything is neatly organised into departments and categories, and the checkout process is clear as day.

In short, everything is intuitive

As a matter of fact, shopping on Amazon is so easy that anyone can do it. And that's one of their biggest strengths as a company – accessibility for all. Their overall focus on customer experience, or "customer obsession" as they themselves call it, is one of the major reasons why they consistently outperform other online retailers. As the leading Retail Analyst at Barclays, Paul Vogel, puts it: "It's selection. It's service. It's convenience. It's how easy it is to use their interface. And Amazon's got all this stuff already. How do you compete with that? I don't know, man. It's really hard."

Amazon won by investing in a CRM system that can grow with their business. You see, Amazon is not just Amazon anymore, instead they have evolved into a provider of everything. Prime members will find a Prime Video selection that seriously challenges providers such as Netflix and HBO, their Alexa is a serious competitor on the AI market, and they're financial investors in up and coming tech firms. Not to mention that they're the world's largest provider of cloud infrastructure.

Amazon's dynamic system allows them to constantly reinvent themselves. It doesn't give restrictions, rather it lets them easily adjust to the market plan.

Personal Data Storage

Most CRM systems will be processing massive amounts of data in their data warehouse every single day. Amazon's CRM, being no exception, is constantly gathering information through customers searching and browsing, data mining, their wish list and so on. Whatever you decide to buy – or not buy – you are providing the system with information, and this information is then analysed and used to tailor your experience on Amazon and their service accordingly.

If you want to buy something at Amazon, you will need to set up a personal account. It's through said account that Amazon can track your purchases and your browsing history. This information makes it easy for them to tailor marketing campaigns and email campaigns based on things you will probably like. What's more, you can store payment details and personal information in your private account, and this dramatically speeds up the checkout process the next time you make a purchase – anything you could possibly want is only a click away.

Anyone who uses Amazon regularly will notice that they are constantly suggesting products you might be interested in. Impressively enough, most of these suggestions tend to be quite accurate, and frequent customers will also appreciate their "customers who bought this item also bought" feature. Social proof is a powerful tactic which consistently boost sales for Amazon, the secret to this feature lies in their CRM system's ability to save data.

Customer Interaction

Your personal account on Amazon ensures that you rarely have to reach out to customer support. Update your card details? You can do that yourself. Cancel an order? You can do that too. In the rare cases where you do require to speak to customer support, you will find that it's dealt with quickly and efficiently as the CRM software allows them instant access to your information. In other words, Amazon is stress-free for both customers and its employees.

Another feature that makes Amazon so successful and trusted is the focus on peer reviews. Under every product, you can find a section where other buyers have reviewed the product you are looking into buying. All of these buyers are verified, and they are freely sharing the good, the bad and the ugly about a certain product. A recent article by Forbes reveals that 88% of consumers trust online reviews just as much as personal recommendations. In other words, if your online store is not offering user reviews, you are basically alienating 88% of your buying population. Arguably, while a bad review might stop someone from ordering that specific product, it will still contribute to and enhance your image as a trusted and honest retailer.

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