DECLARATION

I hereby declare that the minor project on Amazon, Aditya Birla Fashion and Retail Limited, and Aptara submitted by Priya Kumari is work done by collecting secondary data. This project has been submitted in part or full for the award of a Postgraduate Diploma in Management.

Date: 22nd January 2023 Signature:

Place: ITS Ghaziabad

CERTIFICATE

This is to certify that I Priya Kumari student of PGDM- 2022-2024 BATCH have completed the minor project on Amazon, Aditya Birla, and Aptara. This project report on the 3 companies represents the independent work carried out by the candidate.

Date: 23rd January 2023 Signature:

Place: ITS Ghaziabad

**ACKNOWLEDGEMENT**

I would like to express special thanks to my mentor Dr. Neeraj Sanghi Sir and my faculty members who gave me this golden opportunity to do this wonderful project on the topic AMAZON, ADITYA BIRLA FASHION AND RETAIL LIMITED, and APTARA which helped me in doing a lot of research and which helped me to learn and gain more knowledge about the how these large businesses were founded, how they operate and from where they have to face stiff competition. I also got to know about how these large organizations structure themselves for effective management. Secondly, I would like to thank my friends and family as well without whom this work would not have seen the light of day.

Thank you

Priya Kumari (2022074)

PGDM 2022-24

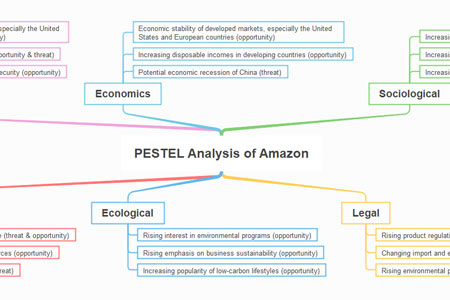
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**AMAZON**

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**AMAZON**

Amazon is an e-commerce giant that has made it big in the retail market. Over the years, Amazon has expanded its business and has also been involved in cloud computing, digital streaming, and more. The firm has made its mark on e-commerce. Despite having a stable position in the market, this multinational technology company deals with increasing competition in the field. Amazon is an e-commerce industry leader founded by Jeff Bezos in 1994. Started as a bookstore and diversified its business model to everything you can imagine. The E-commerce platform has simplified the shopping experience of consumers. If a consumer is not willing to go outside for shopping, he can still get what he wants. He tries to find a product and analyzes the reviews and ratings and takes the final decision. **Amazon PESTEL analysis** helps the company to study the remote macro-environment and steadily deal with the competition. It also helps them identify their drawbacks and work on improving customer experience. PEST analysis is a strategy carefully designed for business growth and expansion. Similar to SWOT analysis, this framework provides companies with a general overview of their strengths and weaknesses analyzing various factors that determine the success of the particular organization. Such strategies are vital for the companies to understand their present state and work, to improve their services and performance. It considers the macro, remote environment and presents the risks and opportunities to the companies monitoring the different aspects. Amazon has become the top e-commerce retailer but it is not sticking to it anymore. Amazon is now investing in stores to increase its customer base and market share. Let us discuss the pestle analysis of Amazon to identify the external factors in its macro environment The various factors that PESTEL analysis includes are- Political, Ecological, Social, Technological, Economical, and Legal:



Political Factors:

The government, its policies, and its rules determine the growth of an organization in any given state or country. It includes tax rules and regulations, corruption, foreign trade policy, and labor law, and all these components are the political factors of a PESTEL analysis. Amazon is an e-tailing platform wthatis serving millions of customers worldwide. The company has to face political influences and government activities that can affect Amazon’s success.

* Governmental support for cybersecurity and smooth operation of e-commerce, whicfavorsrs Amazon's business. Moreover, the political stability of developed countries works in ffavorof Amazon. [External environment factors](https://www.marketingtutor.net/external-factors-affect-business/) that can affect Amazon Inc. is cybercrime. If any government what to improve the e-tailing business environment it must fight against cybercrime. This can create an opportunity for the businesses
* The growing popularity of the online retail business is a result of governmental encouragement. However, this growing industry of online retailing can also prove to be a risk for Amazon facing tough competition from big brands, especially foreign companies making their way into online retail.
* [Political stability can affect Amazon](https://www.marketingtutor.net/political-factors-affect-business/)’s e-commerce business. For example, the political stability of developed countries like Australia allowed Amazon.com to expand its business in the region. Even stable political governments can create threats to a company. The European Union is investigating Amazon.com regarding the use of retailers’ data who sell on [Amazon Marketplace](https://www.marketingtutor.net/what-is-a-market/). If the regulators found Amazon guilty it can face severe consequences. Such political issues affect Amazon’s brand image and profitability at the same time.
* Another political factor that is worth mentioning is the government laws for e-commerce businesses. For example, a few months back the Indian government stopped Amazon and Flipkart for selling [products](https://www.marketingtutor.net/product-meaning-definition/) of those companies they have equity stakes. Government supports companies like Amazon due to their huge investments but it still has to comply with government laws and regulations which is sometimes very difficult. However, this political factor becomes a threat when it supports other companies in the industry. For example, in China government supports Chinese e-commerce companies to flourish their businesses.
* For example, a few months back the Indian government stopped Amazon and Flipkart for selling [**products**](https://www.marketingtutor.net/product-meaning-definition/) of those companies they have equity stakes. Government supports companies like Amazon due to their huge investments but it still has to comply with government laws and regulations which is sometimes very difficult. However, this political factor becomes a threat when it supports other companies in the industry.

Environmental Factors

Challenges like pollution and climate change have raised more concern about environmental factors. The ecological factor examines if the company stands a good chance of thriving considering its ecological sensitivity. Companies that focus on environment-friendly products and services, utilize renewable energy, and think about a sustainable future have an additional benefit.

* According to PESTEL analysis, Amazon has growth opportunities assessing its ecological factor. Its increasing interest in environmental programs, promotion of business sustainability, and low-carbon lifestyle and waste management strategies could enhance its growth opportunities.

SOCIAL FACTORS

Understanding consumer behavior leads to an understanding of the need and demand for products. Primarily it is determined by the socio-cultural background of a place. Social factors like people's cultural change, education level, and population help companies assess the potential market.

* Amazon depends on technology to replace employees. The rate of decreasing job opportunities can be a threat to the company in terms of social factors.
* On the other hand, the growing tendency of online shopping and increased consumerism will benefit the company. Easy availability of products and doorstep delivery are some reasons behind the popularity of Amazon among young ones and aged people for whom leaving home is a concern.
* [**Social factors**](https://www.marketingtutor.net/how-social-factors-affect-business-environment/), trends, and behaviors can affect the performance of Amazon negatively and positively. Amazon made people lazy, allowing them to stay at home and Amazon’s delivery system will take care of everything like streaming movies, food times, and groceries. Staying at home and eating junk food affected the health of American adults and children. The government is under immense pressure to take necessary measures to improve the lifestyle of every citizen.
* Young generation is enthusiastic and crazy about online shopping. The easy internet access and mobile devices increased this ratio. Senior citizens who don’t walk or don’t like to go outside can also use Amazon’s online [**shopping**](https://www.marketingtutor.net/shopping-products-definition-examples/) facility. Online shopping is becoming a hobby this day. Amazon can capitalize on this opportunity to reach more and more people around the globe.
* According to [**SurveyMonkey/Recode Poll**](https://www.vox.com/2018/4/22/17261132/amazon-positive-impact-society-tech-company-survey), 20 percent of Americans believe that Amazon has a positive impact on society as compared to any other Tech company like Google, Apple, Facebook, or Microsoft

TECHNOLOGICAL ANALYSIS

Technological advancement is another crucial factor in determining an organization's strengths and weaknesses. Automation, technical innovation, change, and technical awareness are the factors that help companies to plan for their future intelligently. It guides them to adopt new technologies, and plan their manufacturing, logistics, and distribution.

* The expansion of operations of Amazon has led it to face challenges even from the technology firms. Amazon's innovative and creative ways to reach out to its customers are unparalleled. They are ever exploring new and effective ways of shipping and delivering packages.
* The live chat option makes them easily accessible. Therefore, Amazon has plans to hire more people for technological advancement. It will help them to ensure a better customer experience.
* [**Technology is the backbone of Amazon**](https://www.marketingtutor.net/technological-factors-affect-business/). Technology made amazon one of the most profitable companies in the globe. Amazon is focusing on technology in terms of cloud computing (amazon web service) and every system to [satisfy its customers](https://www.marketingtutor.net/what-is-customer-satisfaction/).
* Amazon is looking to use technology to the fullest for its delivery systems. Amazon Prime Air is a new future [delivery system](https://www.marketingtutor.net/customer-value/) to deliver packages to consumers using Unnamed Aerial Vehicles also known as drones. Amazon is working with different regulatory authorities to comply with their requirements and design a sound air traffic management system.
* Cybercrime is a threat to Amazon. The whole business model is on stacks. Amazon consumers and third-party sellers have concerns about their sensitive data like credit card and debit cards and any personal/confidential information stored on the Amazon website. In this amazon pestle analysis, cybercrime is a real threat to Amazon. According to CJ Rosenbaum, A Lawyer who is working for Amazon sellers said that several clients informed him that they were hacked and lost their monthly sales.

Technology obsoletes with time and amazon is facing the same issues which pressurize it to regularly work on technological assets. All the investments in information technology create a competitive advantage for amazon

For competitive advantage, companies must carry out PESTEL analysis on an interval of 6 months to measure the effectiveness of their strategies in the changing environment. Through PESTEL, the company can identify its threats and determine opportunities by assessing all the macro-environmental factors. **Amazon PESTEL analysis** points out the key issues that might pose a problem in it and also helps in producing strategies that will help achieve its long-term goal. At the same time, it highlights the factors such as technological and social that will help the top player to hold its place in the online retail market.

COMPETITIVE ENVIRONMENT

Amazon.com has been making waves since 1994. From eCommerce to digital streaming to cloud services, the brainchild of Jeff Bezos has revolutionized several industries. However, Amazon is not the only fish in the sea. Plenty of businesses operate as Amazon competitors and make huge profits selling different things. While Amazon started as an online retailer of books, it has grown over the decades to become the largest e-commerce company by revenue in the United States.

In its quarterly and annual financial statements, Amazon breaks down where it receives its revenue into five major categories:

• Online stores

• Physical stores

• Third-party seller services

• Subscription services

• Amazon Web Services (AWS)

Online Stores

This category includes product and digital media sales from Amazon's e-commerce website. The company offers its customers a wide selection of durable and consumer goods along with digital-format products, such as e-books, videos, software, music, and games.

Amazon's competition in this segment includes LightInTheBox Holding Co. (LITB), Overstock.com (OSTK), Vipshop Holdings Ltd. (VIPS), JD.com (JD), Wayfair Inc. (W), and Etsy (ETSY).

Over the last two decades, Amazon has expanded from one category to the next — heating the competition in books, toys, electronics, apparel, pet products, and groceries. As a result, Amazon’s competitors include a range of retail heavyweights such as Walmart, Home Depot, Best Buy, Kroger, Petco, and PetSmart, among others.

These retailers recognize the need for speed and the allure of same-day or next-day delivery, but there are other ways they can differentiate their offerings.

although sales from online purchases represent the bulk of the company's revenue, Amazon greatly expanded its presence in the physical retail space with its 2017 acquisition of grocery retailer Whole Foods Market.3 Amazon also operates four other types of physical stores: Amazon Books, Amazon 4-star, Amazon Go, and Amazon Pop Up.

In the physical stores’ category, Amazon competes with Best Buy (BBY), Costco (COST), Target (TGT), Walmart Inc. (WMT), and Big Lots (BIG).

1. 1Top 8 Amazon competitors

o 1. eBay

o 2. Alibaba Group

o 3. Walmart

o 4. Rakuten

o 5. Otto

o 6. JD

o 7. Flipkart

o 8. Netflix

EBAY

eBay is a huge eCommerce platform that directly competes with Amazon for online sales. While eBay’s revenue has taken a hit in recent years, in 2020 the company saw its best net revenue since 2013—$10.2 billion.

With eBay, retailers list products for sale, and consumers buy them in the marketplace. You’ll also find eBay sellers offering products similar to those offered by retailers on Amazon. The key difference being eBay sellers can auction items or apply a fixed rate. With the ability to bid on products and the ease of connecting with sellers, eBay is a top site for buying electronics, clothes, cars, collectibles, and other products. It also ranks higher than all other Amazon competitors in terms of website visits, with over one billion visits each month, on average

ALIBABA GROUP

Founded in 1999 by Jack Ma, Alibaba Group is a Chinese multinational company, with different subsidiaries operating under the parent firm, the main ones being Alibaba.com, Taobao, Tmall, and AliExpress.Alibaba.com, a B2B (business-to-business) marketplace, which is the flagship subsidiary of the Alibaba Group. It competes with Amazon for retailers looking to buy products in bulk and resell for a profit. Alibaba.com provides businesses with direct access to manufacturers of different goods, helping them avoid middlemen and save on unit pricing. Taobao, Tmall, and AliExpress are B2C (business-to-consumer) eCommerce operations. These companies compete with Amazon in selling electronics, clothes, accessories, and gadgets at low prices.

Collectively, the Alibaba Group brought in revenue of $31.14 billion in Q3 2021, an increase of 29% year over year.

Walmart

27 countries. It competes with Amazon’s retail subsidiaries (such as Whole Foods and Amazon Books) in various locations, offering a wide range of products at everyday low prices.

While Amazon dominates the eCommerce space, Walmart has a fast-growing online presence. According to Jungle Scout’s 2021 E-commerce Report, consumers prefer shopping for groceries and essential items on Walmart.com, which leverages thousands of physical Walmart stores across the US to offer familiar brands and easy pickup/returns. Walmart saw a worldwide eCommerce revenue of $75 billion in 2021, which was $35.3 billion more than it saw the previous year.

Rakuten

While Amazon is considered a titan in the US, in Japan it faces tough competition from the Rakuten Group. Founded in 1997, Rakuten’s ecosystem of services includes online shopping, banking and payments, investment and incubation, and even a streaming service (Rakuten TV). As an Amazon competitor, Rakuten relies on a significantly different business model to fuel its growth. It uses a cash-back program to encourage shoppers to buy its products on Rakuten instead of directly through brands. This strategy earned it a net revenue of over $13.6 billion in 2020.

Additionally, Rakuten has acquired several companies to establish an international presence. In 2010, it purchased buy.com (US), followed by acquisitions of play.com (UK) and PriceMinister (France). The websites of all three companies now redirect to Rakuten’s official sites.

OTTO

Otto is one of the biggest eCommerce companies in Europe. Founded in 1949, the company was originally a mail-order service in Germany before it evolved into an online brand in 1995. Today, Otto is considered a one-stop shop for a wide range of consumer items.

In 2020, the Otto group became the second most profitable retailer in Germany (after Amazon). Its success can be attributed to its excellent customer service and partnerships with leading retail brands. Otto’s biggest market share is in furniture and home furnishings, though it also stocks clothing, sports gear, and electronics from leading brands

JD

The next Amazon competitor on our list is JD (JingDong), a Chinese eCommerce website founded in Beijing in 1998. JD is renowned for its B2C operations and robust logistics infrastructure. As of September 30, 2021, the company had a network of approximately 1,300 warehouses spanning roughly 23 million square meters in total.

Beyond being a competitor to Amazon, it’s also a direct competitor to the above-mentioned Alibaba.com website, as both companies offer the ability to buy items in bulk. In 2020, JD experienced $114.3 billion in revenue, which was more than Alibaba’s $109 billion in sales that year.

FLIPKART

Ranked among the most popular eCommerce companies in India, Flipkart offers a wide selection of product categories, ranging from fashion and electronics to furniture and gardening tools. The company, founded in 2007, competes with Amazon on customer experience, product variety, reward schemes, and price. Flipkart also has a unique Plus SuperCoins reward scheme that lets consumers earn points on the purchases they make. The coins can then be traded for extra discount coupons, entertainment offers, and more.

Flipkart’s revenue is growing fast, with a reported 25% increase in 2021 compared to the previous year. The platform has more than 100 million customers who love its user-friendly interface and customer service.

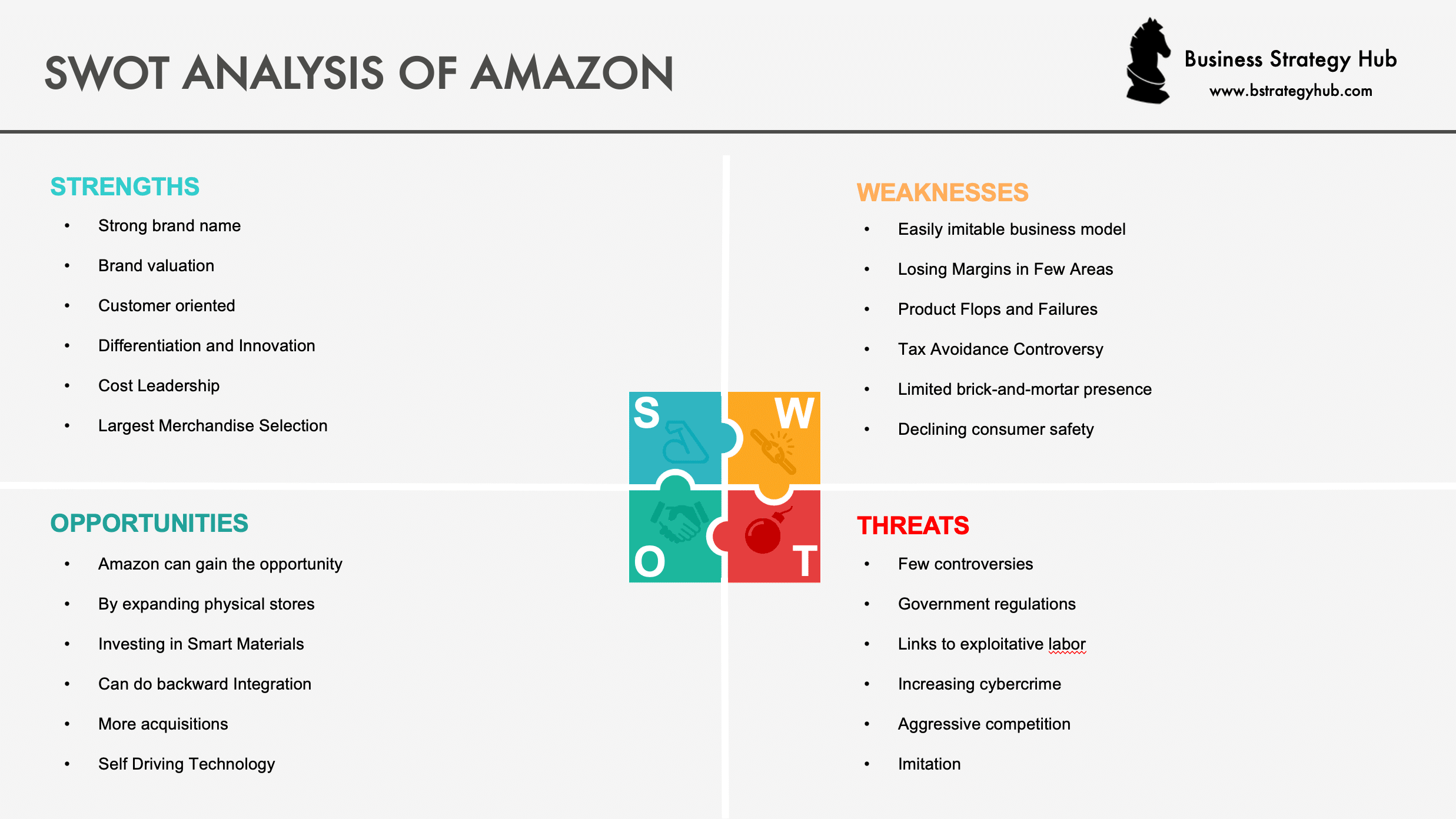
NETFLIX

Where Amazon specializes in selling physical and digital products, Netflix focuses on a specific offering—video on demand. Founded in 1997 when entrepreneurs Reed Hastings and Marc Randolph mailed themselves a DVD (which arrived intact), Netflix provides its users with access to movies, TV shows, and documentaries.

Netflix has seen year-over-year growth, with the company bringing in a revenue of $25 billion in 2020. Its ba iggest competitor is Amazon Prime Video, which is currently behind in terms of revenue of subscriber numbers.

Popular among Netflix’s 220 million+ subscribers is its original content, which the streaming giant releases at an average rate of over one original title a day.

SWOT ANALYSIS



STRENGTH:

**1. Strong brand name**– As a global e-commerce giant, Amazon has a strong position and a successful brand image in the market. Over the years e-commerce giant Amazon has developed a strong brand which is its key strength. Customers trust this brand due to many reasons like huge [**products**](https://www.marketingtutor.net/4-types-of-consumer-products/), great customer support, efficient delivery network, and discounts.

2. Brand valuation – According to Interbrand’s Global Brand Ranking 2021, Amazon is ranked at the **#2** position (Apple at #1 and Google at #3), with a brand value of **$249 Billion**. Amazon is the dominant player in the U.S [**eCommerce**](https://www.marketingtutor.net/what-is-a-market/) and according to [**emarketer.com**](https://www.emarketer.com/Chart/Top-10-US-Companies-Ranked-by-Retail-Ecommerce-Sales-Share-2018-of-US-retail-ecommerce-sales/220521) it is expected to reach 47% sales in 2019. Amazon.com’s ecommerce business is expected to grow 20% in revenue and reach $282.52 billion. In 2018, Amazon’s revenue was $232.887 billion, whereas its Net income was $10.073 billion, and has more than 600,000 employees.

eMarketer’s list of US Companies by online retail sales in the year 2019

**3. Customer-oriented**– Amazon caters to a large number of customers for everyday needs at [inexpensive prices](https://bstrategyhub.com/9-pricing-strategies-maximize-your-profit-with-a-good-pricing-strategy/). This has made it a customer-oriented brand.

**4. Differentiation and Innovation** – Amazon frequently brings creative ideas and [innovative additions](https://bstrategyhub.com/will-your-new-product-be-the-next-big-thing-diffusion-of-innovation-theory-explained/) to its product line and service offerings like ambitious drone delivery service and [Withings Aura Smart Sleep System](https://smallbiztrends.com/2016/08/amazon-startups-products-launchpad.html).  This creates differentiation from other companies.

**5. Cost Leadership** – Amazon doesn’t incur costs in maintaining physical retail stores by selling everything online. With economies of scale, Amazon efficiently controls its costs and lowers its inventory replenishment time. The company has formed numerous [strategic alliances](https://www.inc.com/magazine/201705/zoe-henry/will-amazon-buy-you.html)with many companies like Evi Technologies, Thalmic Labs, Shoefitr, The Orange Chef, etc. It has a strong value chain system which also helps in maintaining a low-cost structure.

**6. Largest Merchandise Selection** – Amazon owns an extensive product mix that attracts online customers to make their majority of purchases from it rather than other online retailers. As of 2021, Amazon has sold **75 million** products in its Amazon.com Marketplace.

**7. Large number of third-party sellers** – Due to the high traffic volume on Amazon’s sites, a large number of third-party sellers have joined the platform of Amazon to sell their merchandises. The data from [Fulfillment by Amazon](https://services.amazon.com/fulfillment-by-amazon/benefits.html) (FBA) reveals that there are more than 2 billion items available from third-party sellers.

**8. Go Global and Act Local strategy** – This strategy has benefitted Amazon the most. Amazon develops partnerships with local supply chain companies that help it in competing against domestic e-commerce rivals. It understands the local needs and launches its services as per the country’s culture.

In India, for example, it has launched a market campaign “**Aur Dikhao**” to encourage users to search more of its products.

**9. Large number of acquisitions** – The successful acquisitions of [Whole Foods](https://bstrategyhub.com/whole-foods-market-vision-mission-values-philosophy/), **Zappos.com**, woot.com, **Junglee.com**, **IMBD.com**, and many others have produced significant revenues and profits for Amazon.

**10. Involved in 3 key businesses** – **Amazon** **Marketplace**, **Amazon Web Services (**[AWS](https://bstrategyhub.com/aws-competitors-alternatives/)**)**, and **Amazon Prime** are 3 key businesses of Amazon work and support each other. As a whole, they generate massive profits and advantages for the company.

**11. Market Leader** – With over **$1.6 Trillion** market capitalization and above **$386 billion** annual revenues, Amazon is truly a [market leader](https://bstrategyhub.com/bcg-rule-of-three-and-four-become-the-market-leader-or-exit-the-market/) in the online retail industry.

* Amazon: 47%
* eBay:6.1%
* Walmart: 4.6%
* Apple: 3.8%
* The Home Depot: 1.7%
* Costco: 1.3%
* Wayfair: 1.3%
* Quadrate Retail Group: 1.3%
* Best Buy: 1.3%
* Macy’s: 1.2%

**12. Superior logistics and distribution systems** – Amazon uses highly efficient logistics and distribution systems. It even has fixed rates for different [periods](https://www.amazon.in/gp/help/customer/display.html?nodeId=200534000). Thus, it executes reliable, secure, and fast delivery of goods and products to customers.

13. **Minimum pay raise to $15 per hour** – Amazon is among the first companies in retail to raise its minimum hourly pay to **$15**. In comparison, [Target](https://bstrategyhub.com/targets-swot-analysis/) pays**$12** per hour, [Walmart](https://bstrategyhub.com/swot-analysis-of-walmart-2019-walmart-swot-analysis/) pays **$11** per hour, and [Costco](https://bstrategyhub.com/costco-swot-analysis/) pays **$14** per hour.

**WEAKNESS**

**1. Easily imitable business model** – Online retail businesses have become quite common in this digital world. So imitating [Amazon’s business model](https://bstrategyhub.com/how-does-amazon-makes-money/) for rival firms is not so difficult. A few businesses are even giving Amazon a tough time. These include Barnes & Noble, eBay, Netflix, Hulu, Oyster etc.

**2**. **Losing Margins in Few Areas** – In a few areas such as India, Amazon has faced losses. Its free shipping to customers can be one of the reasons that expose the risks of losing margins in some markets.

**3. Product Flops and Failures** – Its **Fire Phone’s** launch in the US was a big failure while its Kindle fire device didn’t even grow well.

**4. Tax Avoidance Controversy** – Tax avoidance in Japan, the UK and US has sparked negative publicity for Amazon. [President Trump criticized](https://www.cnbc.com/2018/03/29/heres-the-controversial-tax-practice-by-amazon-thats-got-trump-so-upset.html) Amazon over taxes on social media.

**5. Limited brick-and-mortar presence** – Amazon owns very limited physical stores. This sometimes hinders attracting customers buy things that are not sellable in online stores.

6. Vox published [negative reports](https://www.vox.com/2018/8/30/17797786/amazon-warehouse-conditions-bernie-sanders) related to employees’ treatment and **workplace conditions** against Amazon in July 2018. Poor air conditioning, timed bathroom breaks, and constant video surveillance are a few of the negative remarks made by the employees. Such things affect the market reputation of Amazon.

7. **Declining consumer safety** – As its offerings increase, it is becoming a challenge for Amazon to vet each product and guarantee the highest level of safety. The U.S. Environmental Protection Agency (EPA) recently had to [order](https://www.reuters.com/article/us-health-coronavirus-usa-epa/u-s-epa-orders-amazon-ebay-to-remove-unsafe-products-that-cash-in-on-pandemic-fears-idUSKBN23I0V7) Amazon to remove a wide range of **pesticides and unsafe products** on its platform.

8. **Unfair use of third-party data** – Engaging in unfair trade practices undermines trust and increases legal risks. Amazon is facing [antitrust charges](https://www.wsj.com/articles/amazon-to-face-antitrust-charges-from-eu-over-treatment-of-third-party-sellers-11591871818) in the European Union for **collecting and using data** from third-party to compete against them. If found in violation, Amazon can be fined up to **10% ($28 Billion)** of its 2019 annual revenue ($280 Billion).

10. **Overdependence on distributors** – Relying on distributors exposes Amazon to a wide range of issues. One of its main distributors (German Logistic Group – [Deutsche Post DHL](https://www.reuters.com/article/us-deutsche-post-ceo/deutsche-post-sees-amazon-dependence-falling-as-online-booms-idUSKBN23P1RX)) can leverage its position to **renegotiate terms**.

11. **Employees Strike** – Strikes can grind Amazon’s operations to a halt. In Germany, Amazon [employees went on strike](https://www.reuters.com/article/us-amazon-germany-strike/amazon-workers-in-germany-to-go-on-strike-over-coronavirus-infections-idUSKBN23Z0RC) due to **unsafe working conditions** and paralyzed operations in six distribution centers.

12. **Amazon Drivers Allege Inhumane Work Conditions** – Amazon delivery drivers allege that they’re forced to **urinate in bottles** because of the strict delivery time schedules and constraints. While the company has denied that they don’t force their drivers to pee in bottles, some drivers have come forth with complaints.

While the online retail giant [denies the allegations](https://www.businessinsider.com/amazon-drivers-say-peeing-in-bottles-common-despite-company-denials-2021-3), it’s also true that the company does impose very strict company policies – which can come with bad consequences for Amazon workers.

OPPORTUNITIES:

**1.** Amazon can gain the opportunity to penetrate or expand its operations in [developing markets](https://bstrategyhub.com/bottom-of-the-pyramid-strategy-the-real-challenges-and-their-solutions%ef%bb%bf/)**.**

**2.** By **expanding physical stores**, Amazon can improve competitiveness against big box retailers and engage customers with the brand.

**3.** Amazon has the opportunity to **improve technological measures and organizational policies** to reduce counterfeit sales. One case of counterfeit sales came to light when Amazon sold a fake [My Critter Catcher](https://www.theatlantic.com/technology/archive/2018/04/amazon-may-have-a-counterfeit-problem/558482/). The product was sold for $1 less than the original product.

**4.** Can do **backward Integration** by expanding its production of in-house brands such as **Amazon basics** to differentiate its offerings and improve profit margins.

**5.** **More acquisitions** of e-commerce companies can increase the company’s market share and reduce the competition level.

6. **Self-Driving Technology** – Amazon recently acquired California-based self-driving startup [Zoox Inc](https://www.reuters.com/article/us-zoox-m-a-amazon-com/amazon-agrees-to-buy-self-driving-technology-startup-zoox-idUSKBN23X0PI) for a whooping **$1 Billion.**It can now leverage autonomous technology to exploit the increase in demand for [ride-hailing services](https://bstrategyhub.com/top-ubers-competitors/) or use it to improve its delivery network.

7. **Launch of electric rickshaws** **in India**– Amazon pledges to make a positive impact on the [environment](https://bstrategyhub.com/what-is-triple-bottom-line-tbl-explained-with-examples-the-future-benchmark/). With this vision in mind, Amazon plans to deploy **10,000** electric rickshaws for delivery in India by 2025.

8. **Personalized Shopper Service Hits Big –**Amazon recently launched its incredible personal shopper service exclusively for Prime members. So, if you have an **Amazon Prime subscription**, you can opt for the personal shopper experience giving you access to the company’s team of professional stylists and fashionistas. They’re going to help you select the best clothing items, accessories, shoes, bags, wallets, etc., that suit your taste. Remember, there are millions of product options available, and having a personal team of shoppers is going to be big-time help.

9. **Plans to Enter the Crypto Stratosphere**: There are a lot of speculations and rumors floating around the crypto ecosystem. However, there have been reports by [mainstream media outlets](https://www.inc.com/tor-constantino/why-amazon-will-likely-make-a-massive-move-into-crypto.html) that Amazon does indeed plan to make a move into cryptocurrency, stating that the company has developed a big appetite for **digital currencies** and blockchain. If the retail giant does step into crypto-space and [accepts virtual currencies](https://bstrategyhub.com/coinbase-competitors-alternatives/) as a payment option, there will be massive opportunities for small businesses in the future.

THREATS:

**1.** **Few controversies** have caused a dent in Amazon’s brand image. People critically reacted and boycotted Amazon sites in 2010 when they found that it was selling the book “The Pedophile’s Guide to Love & Pleasure: a Child-lover’s Code of Conduct.”

**2. Government regulations** can also threaten the business proceedings of Amazon in some critical countries. Amazon does not ship to Cuba, Iran, North Korea, Sudan, and Syria.

**3. Links to exploitative labor** – Amazon is one of three retail giants facing scrutiny from the US State Department for maintaining supply chains and labor sources associated with [human rights abuses](https://www.reuters.com/article/us-usa-trade-china-xinjiang-companies/state-department-warns-top-u-s-firms-over-supply-chain-risks-linked-to-chinas-xinjiang-idUSKBN2432QA). This exposes the e-commerce giant to reputational, economic, and legal risks.

**4.**Increasing **cybercrime**can affect the network security system of the company.

**5. Aggressive competition** with big retail firms like [Walmart](https://bstrategyhub.com/walmart-competitors-alternatives/)**,**[Target](https://bstrategyhub.com/target-competitors-and-alternatives/)**,**[Home Depot](https://bstrategyhub.com/home-depot-mission-values-philosophy-strategy/)**, and** [eBay](https://bstrategyhub.com/how-does-ebay-make-money/) can give Amazon a tough time in the future. In addition, now [Amazon competes](https://bstrategyhub.com/amazon-competitors-alternatives/) with the following companies:

* In **Video Stream Service**: [Apple TV+](https://bstrategyhub.com/swot-analysis-of-apple-apple-swot-2018/), [Netflix](https://bstrategyhub.com/netflix-business-model-how-does-netflix-make-money/), [Disney+](https://bstrategyhub.com/top-disney-competitors/)
* In **Logistics**: [FexEx](https://bstrategyhub.com/fedex-swot-analysis/), [UPS](https://bstrategyhub.com/ups-swot-analysis/)
* In **Self-Driving Technology**: [Tesla](https://bstrategyhub.com/tesla-business-model-tesla-business-model-canvas/), [Uber](https://bstrategyhub.com/top-ubers-competitors/), [Ford](https://bstrategyhub.com/ford-mission-vision-values/)

**6. Imitation** is simple as many new entrants are coming up in the market usually with the same [business model](https://bstrategyhub.com/50-types-of-business-models-the-best-examples-of-companies-using-it/) as Amazon.

7. **Fake Products** – The increase in counterfeiting and fake products threatens Amazon’s profits. The company recently filed a lawsuit against a New York-based online retailer for allegedly [counterfeiting Valentino shoes](https://www.reuters.com/article/us-valentino-amazon-lawsuit/amazon-and-valentino-file-joint-lawsuit-over-shoe-counterfeiting-idUSKBN23P2M3), a luxury Italian shoe brand offered by Amazon.

8. **Economic Recession** – Amazon is not immune to an [economic recession](https://bstrategyhub.com/businesses-that-are-recession-proof/). If economic uncertainty worsens, it can impact Amazon’s sales.

9. **Fake reviews**– Amazon has an overwhelming amount of fake reviews, and the problem has worsened in recent times due to the pandemic. Product reviews are a critical indicator of quality and authenticity, and customers rely heavily on reviews to make purchases.

According to the [Financial Times](https://www.ft.com/content/bb03ba1c-add3-4440-9bf2-2a65566aef4a) investigation, Amazon has deleted over **20,000 fake 5-star reviews** from its top UK reviewers.

10. **Lawmakers Seek Answers after Tornado Kills 6 Amazon Workers –**Democratic lawmakers are on a quest to [seek answers](https://www.theverge.com/2021/12/20/22845309/warren-bush-aoc-amazon-letter-tornado-warehouse-deaths) from Amazon after a recent tornado hit an Amazon warehouse in Illinois, killing 6 workers. In a [letter](https://www.rubio.senate.gov/public/_cache/files/bee553dc-18bc-4fca-b1e4-63435e7a5591/E3B940055ED54043E17BA7A6E088B1FC.12.20.21-letter-to-secretary-walsh-requesting-investigation-into-amazon-labor-practices.pdf) posted, the company has been heavily criticized regarding **poor worker safety policies** and complete disregard for putting emergency countermeasures in place.

RECOMMENDATIONS:

SWOT analysis clarifies the current standing of Amazon. A few necessary improvements are needed to be done to administer the lacking and reinforce its [market position](https://bstrategyhub.com/bowmans-strategic-clock-give-your-product-the-market-position-it-deserves/).

In short, Amazon needs to strengthen its key areas, minimize its weaknesses, avail opportunities, and counteract threats for future progress.

A few recommendations are given below:

**1.** **Consolidate the market dominance** by boosting its marketing efforts, promotional activities, and [competitive advantages](https://bstrategyhub.com/strategy-canvas-a-tool-for-competitive-advantage/).

**2.** Strategically **deal with global controversies**. Amazon needs to resolve tax issues and manage its app’s features efficiently to diminish negative publicity in the market.

**3.** Increase its limited presence by **opening physical stores** outside the U.S. This will augment brand popularity and market reach.

**4.** Enhance its strategic **entry in developing countries** where many growth opportunities are available.

**5.** Increase competitive edges and **enlarge the gap** between Amazon and its biggest competitors.

**6.** **Address the issues of counterfeit** sales and cybercrimes by upgrading technology measures.

**7.** **Enhance network security** systems for the protection of consumers’ rights.

**MARKETING MIX**

**Product**

Amazon products can be divided into the following four categories:

**1. Amazon websites** enable hundreds of millions of products to be sold by Amazon and by third parties across dozens of product categories. Due to the abundance of range of products it sells, Amazon has gained the moniker The Everything Store. In 2020 third-party sellers made a profit of minimum USD 25 billion. There are more than 200 million Paid Prime members

**2. Electronic devices** such as Kindle e-readers, Fire tablets, Fire TVs, and Echo. In 2020, customers bought tens of millions of Echo devices, and Echo Dot and Fire TV Stick with Alexa. There are more than 100 million smart home devices connected to Alexa

**3. Media content**. An extensive range of products and services, including cloud-based services that can be used to produce content. The e-commerce giant is planning to increase the range and variety of its media content products. According to new CEO Andy Jassy it is still early days for Amazon in the media.[[5]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn5) The company has reached a deal to acquire US historic movie studio MGM for USD 8,5 billion[[6]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn6), as a sign of increasing foc us on the media business.

**4. Amazon Web Services (AWS)**. This segment offers a wide range of global compute, storage, database, and other service offerings. AWS serves developers and enterprises of all sizes, including start-ups, government agencies, and academic institutions.

The e-commerce giant also completed the acquisition of Whole Foods Market in 2017.

PLACE ELEMENT

Traditionally, Amazon didn’t have physical stores and the company relied on online sales channel due to e-commerce nature of its business operations. Starting from 2015, the online retail giant has been concentrating in physical retail “during which time it’s opened half-dozen bookstores that double as gadget emporia, a score of campus bookstores that don’t sell books and a convenience store without cashiers.

Moreover, Amazon also has an alternative store format that operates in a cost-effective manner. “Students order textbooks and dorm furnishings online and come to these stores to pick them up. The centralized pickup location reduces shipping expenses. The company is also testing a grocery pickup service at two locations in Seattle. Once it launches, Prime members will be able to order groceries online and visit one of these stores for pickup, skipping the aisles.”[[8]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn8) To summarise, Amazon has an omnichannel sales strategy and customers access its offerings through its websites, mobile apps, Alexa, and physically visiting Amazon stores.

PRICE

Amazon’s business is highly seasonal. The company generates significant part of its revenues in the fourth quarter each year. This pattern of revenue generation has certain implications on Amazon pricing strategy. Amazon pricing strategy can be generally described as cost leadership; nevertheless, the largest internet retailer in the world also applies alternative pricing strategies in certain segments.

Cost leadership is placed at the core of Amazon pricing strategy. Analysts note that “Amazon’s strategy is to frequently lower prices until they beat competitors–for all products”[[9]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn9). Famously, the online retail giant changed the price of Bible more than 100 times during the last few years.[[10]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn10)

At the same time, the e-commerce giant uses premium pricing for its products and services, where the company possesses solid market share and competitive advantage. For example, publishers with Kindle Direct Publishing are offered 70% royalty option and make their books available in the Kindle Store[[11]](https://research-methodology.net/amazon-marketing-mix-amazon-7ps-marketing-2/" \l "_ftn11)

Additional range of pricing strategies used by Amazon sparingly include penetration pricing, price skimming, psychological pricing, product line pricing, promotional pricing and geographical pricing strategies. The e-commerce giant earns fixed fees, a percentage of sales, per-unit activity fees, interest, or some combination of these according to its seller programs.

PROMOTION.

Amazon's most effective strategy for marketing is through their promotional skills.

It is a fact that affiliates advertise Amazon products on their websites and blogs, and receive commissions usually per sale made, Amazon offers sales promotions and discounts regularly. It also uses public relations activities to promote its brand image.

For example, the company has an affiliate program for website owners or online publishers to earn revenues by displaying advertisements and corresponding links to products sold on the Amazon.com website. This strategy widens the company’s market reach.

Amazon communicates with its customers using a variety of tools and methods.

Such as regular advertising through television adverts, radio adverts, billboard signs, newspapers and social media.

Amazon says: “while costs associated with free shipping are not included in marketing expense, we view free shipping offers and Amazon Prime as useful worldwide marketing tools, and intend to continue offering them indefinitely.

Amazon also pioneered ‘highly personalized product recommendation emails’ based on previous purchases, past product value, location, age, and gender.

This process is much more effective than sending spam emails that have nothing to offer to the customers because it isn’t what they want.

Amazon is known for having a large marketing budget. In 2016 alone, they spent 7.6 billion on marketing.

Moreover, in using direct marketing, the company directly communicates with businesses to offer their online services, such as publishing and digital content distribution.

In this component of Amazon’s marketing, advertising is the primary determinant of the organizations marketing communications effectiveness.

The effectiveness of Amazon's promotional strategy.

Amazon’s promotional strategy is successful because not only do they regularly promote their product or service very clearly but while doing this, they are having a bright understanding of what the customer wants.

They want quality products, they want it at a reasonable price, and they want it delivered fast and within the excellent condition. Amazon has been able to uphold this promise, which is why Amazon is growing with such success.

Amazon also believes that their most effective marketing communications are a consequence of their focus on continuously improving the customer experience. Which then creates a word-of-mouth promotion which is useful in acquiring new customers and may also encourage repeat customer visits.

PEOPLE.

Amazon's sales team plays vital roles in marketing efforts.They are trained in using persuasive techniques, and they learn all about customer preferences.

[](https://1.bp.blogspot.com/-rBNNz9NAvU4/X0Y7nl5lbTI/AAAAAAAAATE/oGg5vpU4ryEu7ph74vEGG3wezPY-U2teQCLcBGAsYHQ/s280/Unknown-2.jpeg)

Amazon also has an on-call customer service, to assist with any issues with a product that a customer has purchased.

[](https://1.bp.blogspot.com/-BlceH342WcU/X0Y7uF4-DOI/AAAAAAAAATI/uHG412SPPr8g4e929GiwI2IE4Z5MQrw6gCLcBGAsYHQ/s225/Unknown-1.jpeg)

Amazon work with suppliers to obtain raw materials. This helps with maintaining and improving the quality of the final product.

[](https://1.bp.blogspot.com/-hIWZ0lpbL1Y/X0Y8DX38MGI/AAAAAAAAATU/FRus1b9qJJcSQpy3W5LASZnJ1otMd8k5QCLcBGAsYHQ/s310/Unknown-3.jpeg)

PROCESS.

Below explains the process of how to purchase products from Amazon and a link to how the warehouse runs and how inventory is controlled, to ensure products are always available. In order to purchase online, they have a 5 step process.

1. Identify their client

2. Select shipping address and special options

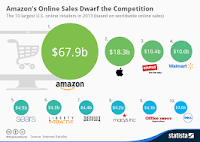
3. Select the payment method

4. See an overview of the entire order

5. Confirm and place the order.

PHYSICAL EVIDENCE.

Here is some physical evidence on how Amazon has mounted top of the ladder in their online sales against their competitors.

[](https://1.bp.blogspot.com/-V3pCJVZA6UM/X0Y8MQe5EWI/AAAAAAAAATc/pZcobMnKCSIU8dyT30VstfG7ncFYUKp6QCLcBGAsYHQ/s266/Unknown.png)

Amazon has an online website that is user-friendly and allows customers to view products in high-quality images taken from various angles.

This is one factor on how it has helped Amazon make many sales due to its easy-to-navigate website because a wide range of people is able to use it.



The simplest meaning behind the Amazon logo was created to represent a message that it sells everything from A to Z (the arrow connects the two letters.)It also represents the smile that customers have when experiencing shopping with Amazon. Amazon's strategy has proved successful at attracting and retaining customers in a very large number. Apart from customer service, its pricing strategy has also played a central role in making it as popular globally. Its position as the leading e-commerce player has become a formidable challenge for physical retail players. I believe Amazon has found success from using promotion as a way of marketing the company to the world, as they have used all channels in development such as the use of paid advertisement, recommended emails, billboards and social media. They have used these tools to attract them to their website, convert them from a visitor, into a potential customer, and also close them as a customer, and then onto building a relationship with them through emails, without trying to upsell.