**Strategic Management in an International Context**

**(Amazon Prime)**

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**Executive Summary**

Amazon Prime’s global insights report suggests that the company is planning to build a market in those countries where the company is new. The regional differences and expectations of consumers will be considered. The basic concept of the Amazon prime is to make a system for the different loyal customers. Due to the rapid change and growth of the organisation, the Amazon prime contains different more developed services such as eBooks, music services, and movies to attract more customer engagement and membership. In this way, the other competitors will also enhance the flexibility to be more innovative in their experiments and improve the efficiency of their services. All the structures will help the other competitors to improve the cooperative advantage and expand the business into another country or international market.

Table of Contents

[Introduction 3](#_Toc100839181)

[Company’s current international strategy 3](#_Toc100839182)

[Vision, mission And objective statements 3](#_Toc100839183)

[Current Positioning 4](#_Toc100839184)

[Product scope and geographic scope 4](#_Toc100839185)

[Relevance of the strategy according to the evidence 5](#_Toc100839186)

[Current Threats faced by the Amazon Prime Company and its response 6](#_Toc100839187)

[Learning of other companies through the international strategies of the Amazon Prime 9](#_Toc100839188)

[Conclusion 9](#_Toc100839189)

[Reference List 10](#_Toc100839190)

# Introduction

According to the last few years, it has been finding out that the different online platforms are there who contribute their efforts and efficiency to providing services to the entertainment sector. Nowadays the use of smartphones will provide such a platform to be more engaging with this online entertainment platform. In the following report, there is a description of one of the famous online entertainment platforms which are named Amazon prime video. This is an American entertainment video that has been rated as in higher demand by different individuals. This platform is owned by Amazon and was launched in 2005 (Song, 2021). The basic idea to select Amazon prime for this following report is to analyse International strategic management through the entertainment sector. Amazon prime only follows the objective to engage Britain with the most loyal customers and offer them a high-quality experience (Amazon.com, 2022).



**Figure 1: Amazon prime**

(Source: Koimoi.com, 2022).

The online entertainment form has the main aim to be customer-centric and understand the customer's desires and behaviours for providing them with the high quality and unexpected experience of service. When there is a discussion about the framework of the following report then it contains the company's current international strategy and how the different strategies that have been used by Amazon prime have made it successful. This report will also contain a description of the alternative strategy that may Amazon prime will use for its current strategy as well as it also addresses the different threats faced by the company and how this company will respond to them the report also describes the required changes that build up the organisation into the international platform and sustain it for a long period.

# Company’s current international strategy

## Vision, mission And objective statements

The vision of Amazon is to become a company whose priority is to serve the customer first. Focus relies on building a place where people can buy anything they want. Customer obsession is an important feature of the company. Amazon values customers’ needs before anything else. The mission statement of the company is to serve the customers both online and offline. The focus is the best selection of products by the customers, offering the best price to the consumers and providing convenient options. Amazon Prime is based on the customer’s satisfaction (Amazon. com, 2022). The owner of Amazon wants people across the globe to know Amazon is the most customer-friendly company in the world. Amazon is a leading retailer of electronics, clothing, books and groceries etc.

## Current Positioning

Amazon Prime subscription is also serving millions of customers worldwide. Knowing Amazon demographics will help marketers in providing a better understanding of consumer experience. The prime membership of Amazon has crossed 200 billion subscribers worldwide. Most of the Amazon Prime customers are young consumers contributing to nearly 85%. Amazon Prime is successful in managing its competitive advantage. Several strategies have been used for this purpose. The strategies used the low-cost leadership differentiation to establish a focus.

## Product scope and geographic scope

The membership subscription to Amazon Prime helps in the business expansion and promotes other Amazon products. The subscription services provided by Amazon include monthly and annual fees. Amazon Prime provides shipping and delivery benefits for the product. Discounts are also offered by Amazon Prime. The subscription services are tailored to the specific needs of customers. Amazon Prime subscription services have influenced several other companies to adopt a subscription-based business model (Amazon. com, 2022).

The current strategy used by Amazon Prime for its market expansion in the international business is mentioned below-

**Low-cost Amazon Prime -** The subscription rates of Amazon Prime are quite low compared to the competitive subscriptions. The strategy behind this is to recruit the customers where Amazon is trying to build its presence (Shen, *et al.,* 2021). In developed markets like Australia and UAE, the prices are comparatively lower. The aim is to gain the customer and the market share in these countries.

**Visiting the page views and the duration of the website -** In some countries like In Western Europe and the USA Amazon Prime is more dominant than the competitive market. In these countries, the consumers have a longer visit duration for the website and visit more pages per visit.

**Cross border selling of the product helps in internationalisation** -Amazon Prime is successful in establishing a business in the USA, UK and Germany. The reason behind this is that the monthly visitors of the website in these countries are more as compared to other countries (Martínez-Sánchez, Nicolas-Sans and Díaz, 2021). Another reason is that Amazon Prime also receives shoppers in the market as there is no local instance of Amazon. To ensure cross border selling of the product all the products are readily available in the market. Previously, the products might have required a localisation strategy.

**Desktop versus mobile practice -** In some countries like India, the majority of website traffic is generated from mobile. Amazon Prime will be beneficial as the website is easily viewed on mobile devices.

# Relevance of the strategy according to the evidence

According to research, Amazon is one of the leading platforms in the art and entertainment industry which is also included in the Amazon prime research. It has been found that Amazon Prime has been considered a key factor in Amazon's great success. The initial purpose of Amazon prime is to create loyal customers. Amazon prime is not only just an important factor for amazon's current business due to the Amazon prime subscription Amazon has increased its turnover with rapid growth (Havard, 2021). Amazon Prime is one of the innovative ideas taken into action. Initial stage Amazon started to achieve membership of around 20 million but after three years This amount had touched around 18 million prime members. This is the Factor by which Amazon is only focused on the prime and it's an evaluation.



**Figure 2: Membership in Amazon Prime**

(Source: Economist.com, 2022).

Amazon Prime has become the key factor for the Amazon strategy to change the overall process of the industry. On the other hand, Amazon also focuses on its original concept to be more customer-centric and give different types of offers and services to increase membership (Rahman, 2021).

**Identification of alternative strategies for better results**

All the companies of the world are following strategies. These business strategies are used by the companies for market expansion. Amazon Prime is also following a strategy based on the experience. The customer-centric approach of Amazon Prime has helped in business expansion worldwide (Amazon. com, 2022). The strategies that can be used by Amazon Prime to improve the market expansion in the international market are mentioned below.

**International expansion -**The technology is progressing at an alarming rate. The digitisation of TV platforms helps to deliver a better picture and sound quality for the viewers. Better bandwidth will also be made available to the broadcasters. The benefit of adding bandwidth is to provide value-added services (Pathak, 2018). This will help in improving the quality of the content for companies like Amazon Prime. Niche content will also be made available to the viewers through this strategy.

**Diversification of product strategy - Diversification** refers to the expansion of business in different markets and product areas. Diversification can also be described as creating and launching a product into a new market (Hooke and Yook, 2018). Diversification of products helps in the growth and development of the business. The aim is to explore new possibilities that can serve as a boon for the business. Diversification helps in increasing the sales and profit of a company.



**Figure 3: Diversification Strategy**

(Source: Marketing99.com, 2022)

**Killing the Global/ Local reach -** The major issue being faced by the managers is deciding on a global business strategy that can serve as the contract between global integration and local responsiveness. Global integration is how a company can promote the product in other countries. A standardisation strategy can be used by Amazon Prime. The aim of using the strategy is that Amazon Prime treats the whole world as one market. The machine and types of equipment that can be used in other countries are universal and need little customisation.

# Current Threats faced by the Amazon Prime Company and its respond

Amazon Prime is one of the companies in the art and entertainment industry that provide a high level of entertainment content to the consumers as well as subscribers of the company (Warrier *et al.*, 2021). In that way, it has been found that the company has to face the different competitors like YouTube, Hotstar Disney etc. but on the other hand by the use of the different “membership strategy” as well as “watch from anywhere” strategy the company can easily differentiate themselves with the other ones (Amazon. com, 2022). However when there is a discussion about another threat then free streaming is also one of the other threats that affect the business of the organisation. In terms of that removal, the company introduced the “offline viewing” Strategy for the subscriber as well as non-subscribers (Culpepper and Thelen, 2020).



**Figure 4: “Watch from anywhere” Strategy**

(Source: Wizcase.com, 2022)

Another political threat is the rules and regulations that developed in the country. To remove the political issues, the company follows all the rules and regulations of the government which is establishing its brand on any International platform. Although, Amazon prime is one of the brands which has a big name in the market. There are some other threats also discussed in the below section which can continue in the next process.

* **Market saturation:** The Amazon Prime company has to face the market saturation threat because there are lots of competitors available to provide the same services to the consumers. But according to the data of the US, it has been found that 74% of the subscribers are reported to Amazon Prime company. On the other hand, based on the e-marketing forecast it has been recognised that in 2022 the subscribers of the Amazon Prime company reached 157.4 million (Backlinko.com, 2022). In that way the strategy which is used by the Amazon brand company is not only for the entertainment it is also for the different shopping of Amazon Prime. If the consumer takes the subscription to Amazon Prime then they can be able to facilitate the other platforms of the Amazon company (Amazon. com, 2022).



**Figure 5: Amazon Prime member benefits**

(Source: Amazon.com, (2022)

* **Competition:** when there is a discussion about the competitors of the Amazon Prime company then it has been found that there are lots of competitors also arriving in the market. Some of the main competitors of the Amazon company are YouTube, Hotstar, Disney etc. in that case they also provide different services to the users so that they can attract the users to their platform.
* **Product diversification:** The company also focuses on the Product diversification strategy within the organisation by trying to offer different types of textbooks, clothing services, and food services for the prime members of the organisation. It also guarantees the next day delivery as well without any charges of delivery (Amazon. com, 2022). In that way they can easily diversify the product within the industry by that they can increase the association of the sale to the existing line as well as also try to expand the sales within the country.
* **Overseas expansion:** According to the report of the Amazon Prime company it has been reported that they are accepted as the middle of the global expansion for different types of amazing places. But they are now trying to establish their Prime culture in the broad and also try to compete with the reformers players within the domestic and international platforms (Tuzikov *et al.,* 2019).
* **Relevance of product:** The external and internal changes in the trend of the company also create a different state change in the organisational culture. It has been found that the company faces different types of political issues as well as some internal issues because some of the time they cannot be able to adopt the changes. But in terms of that, the company now tries to use the different Change management theories by saying that they can implement the proper strategy that fits into the organisation and tend to their employees according to the circumstances (Schoemaker, Heaton and Teece, 2018).

# Learning of other companies through the international strategies of the Amazon Prime

Increasing the competitive environment in online entertainment platforms, Amazon prime also used different strategies to be more attentive to global expansion (Ayodeji, Kumar and Kumar, 2020). Their certain qualities and capabilities need to be proven by the other competitors to compete with the most popular entertainment online platforms such as Amazon Prime and Netflix.

**Build up the checklist which contains the customer requirements**

Checklist building after checklist of the requirements of the customer will be a very essential key factor for the business development. Amazon crime is only focused tap on customers centric there for they and checklist according to the requirements and the taste of the customers by which they can analyse that the expansion of the business enters the international level they will provide the good quality of services to the depend on customers ( Nouwen and Zaman, 2018).

**Improve the flexibility to experiment with new innovative**

According to a reserve, the pulling report of annual membership subscription has been 2 billion dollars on platforms such as matrix dropbox and many more. Amazon has decided to not experiment with the internal process where they have used the different external factors to improve and evaluate their process and try the different people towards the Amazon prime.

# Conclusion

In conclusion, the overall report will enhance the knowledge about the most famous online entertainment platform such as Amazon prime which is completely customer-centric. They have also used different strategies to improve their membership and provide a good quality of material to the different customers for their high-quality experience. Amazon prime is also famous due to its very simple strategy to be more engaged with its customers and provide good quality material while they will feel more flexible and comfortable to be excess of this online entertainment platform. However, there are different types of threats that have to be faced by the company while developing the different strategies as well as providing the proper content to the consumers. When there is a discussion about the threats that are faced by the company then it has been found that first of all the high level of the competition included.

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