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Case Study 3
Amazon.com : The King of E-Tailing

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What are the critical success factors for Amazon.com

➤ Low cost provider

One of the biggest advantage amazon.com has is its ability to sell books and other products at extremely low price with compromising the quality of its product or service. This advantage of Amazon.com quickly became one of its most important success factor.

➤ Broad selection

Leveraging on the power of the internet, Amazon.com are able to provide its customers a wide selection of books and product. Unlike the traditional retailers that needs to stock up inventory in order to display out to the public, Amazon.com displays its goods through an electronic catalog without having to stock all that is displayed.

➤ Ease of Navigation

Trying to revolutionize the shopping experience, Amazon.com was design with the intention of making the shopping experience as smooth as possible. Sub menus and links are placed neatly on the page. Promotional items were displayed at “catchy” or strategic places. All this allows the customer to navigate freely and easily in the website and also helps with the searching process leading to a better shopping experience.

➤ Sufficient Information

Apart from of offering a wide range of selection, Amazon.com also offers sufficient information to its customer with the intention of helping the customer to make up their mind. Customers visiting amazon.com have access to information like the publishers info, the book review and also glimpse of what the book has to offer. Not only that Amazon.com also provides comparison functionalities. Customers gets to compare the price of a new book with the price of a second hand book

➤ Convenience

Another critical success factor of Amazon.com is the convenience it provides. Leveraging on the power of the internet. An e-tailer like Amazon.com offers customers the convenience of shopping from home. All the customer needs to do is to login into the internet and webpage and then just navigate or browse through the web page until they find something they like or want.

What advantages does it have over other e-tailers (e.g., Wal-Mart Online or barnesandnoble.com)?

➤ First Mover Advantage

Being one of the first few companies that ventured into the e-commerce business, Amazon.com has the first mover advantage compared to Wal-Mart online or Barnesandnoble.com who joined shortly after. Being one of the first few, Amazon.com enjoyed benefits like having a strong customer base, a strong brand and first hand experience of handling or running business with such nature.

➤ Superior Customer Service

Realizing that their business model is quickly being copied by its competitor, Amazon.com differentiates itself from the others by providing superior customer service. Better customer service in Amazon.com comes in the form of additional features in their website to enhance the customer experience. One example of such feature is the ability to personalized their own account to suite different taste and manage orders online with their patented One-Click order feature. The One-Click feature comes with an e-wallet that enables the shoppers to place an order without having to enter their personal info like address and credit card info each time they place an order. This feature also allows the shoppers to view their order status and make any last minute amendments to any orders that have yet to be shipped.

➤ Strategic Alliance

One obvious advantage Amazon.com has over its competitor is the strategic alliance and affiliate partners Amazon.com has. The strategic alliances Amazon.com has allows Amazon to diversify from its original business model to accommodate a diverse range of product. For example in June 2002, the strategic alliances Amazon.com forge with Sony enables Amazon.com to sell Sony product online. Through the help of its affiliate partners, customers are referred to Amazon.com allowing Amazon.com to reach out to a larger market. As of to date Amazon.com has over 500,000 affiliate partners. All this has lead to an increase in business opportunities as it allows Amazon to offer more and at the same reach out to a larger market.

➤ One stop portal

When Amazon.com first started in 1995, it only sells book through their website. Due to the countless strategic alliances forge and through diversification, today Amazon.com offers almost everything there is to offer online. In fact all this has transformed Amazon.com into a one stop channel that provides excellent customer service and ample of information for online shoppers to shop or to make comparison . Bundled with its low price strategy Amazon.com are able to sustain its competitive advantage in its line.

What is the purpose of the alliances Amazon.com has made?

The purpose of the alliances Amazon.com has made can be seen from the following perspective:

- i. Product and service
- ii. Customer Base
- iii. Brand Identity
- iv. Distribution

➤ Product and service

One of the main reasons why Amazon.com forge strategic alliances with its partner is to enhance or to widen their product line. For example the strategic alliances forge with Sony Corporation in 2002 allows Amazon.com to sell Sony product online.

➤ Customer Base

The referrals from its affiliate partners has enlarge Amazon.com customer base. Realizing that it is impossible to reach everyone through its portal, Amazon.com has engaged over 500,000 affiliate partners to refer customers to its portal. The partner is given a commission for any successful purchase

➤ Brand Identity

Another reason why Amazon.com forge alliances with its partner is due to brand identity reason. Realizing that their business model is quickly being copied its competitor and e-tailer is quickly emerging due to the emergence of Internet, Amazon.com needs to

reinforce or strengthen its brand. Through its affiliate partners, Amazon.com is able to reestablish its brand as a “super store” or as one stop channel.

➤ Distribution

Another reason for such affiliation is to expand its distribution services. For example in Sept 2001, the affiliation between Amazon.com and Borders group allow amazon.com shoppers to shop online but to collect the goods from Borders group physical shop. By having such affiliation Amazon.com can save on the shipping charges as they do no longer have to send their good all the way to places that does not have proper transportation infrastructure.