Amazon: Internal Strengths & Weaknesses

Internal Strengths & Weaknesses

Amazon is one of the most successful retailers in the industry since they offer the best consumer experience. This company provides the value, selection, convivence, and speed of consumer products that are necessary to gain customer satisfaction. The internal strengths of Amazon have been sustained through economic hardships. The best quality that Amazon has is that it is the most substantiated brand in online retail. Amazon enriches the customer's experience while expanding brand quality. An extensive product mix with a high inventory turnover ratio is also a strength that Amazon can attribute to its success and utilize it in future endeavors. (Amazon.com, Inc., 2018). Another strength that Amazon benefits from is having one of the highest revenues as it permits the business to capitalize more than the competition.

Amazon has remained ahead of competitors by employing modern technology and by monitoring the developing trends in the industry. By working with other businesses and globally expanding has allowed the company to expand its rate of success, A major part of the company's success is their user-friendly website. Amazon also has a solid substructure with efficient industrial supply hubs.

Another key to Amazon's success is that they expand and diversify the company. Amazon serves on only as a retailer of consumer products but also provides digital content and services such as Amazon Prime Video, Amazon Studios and Amazon Fresh.

Amazon is capable of fast high-tech innovation in network services. Amazon Web Services (AWS) is a protected cloud service that provides database storage, content delivery, media service, mass marketing through email, network and content delivery and much more that are beneficial to businesses.

While Amazon may have benefiting strengths, they face internal weaknesses as well.

One of the amazon's major weaknesses is that their business model can easily be imitated. Companies could easily figure out and adapt to Amazon's business agenda. Amazon should utilize patent/trademark protection to reduce the likelihood of imitation.

In addition, there are other areas that causes Amazon to suffer losses, but shipping costs are one of the primary factors. Perhaps the least demanding ways for brands to build net revenues is to recognize off base charges by ensuring Amazon is charging accurately for shipping costs. For instance, Fulfilled by Amazon shipping expenses change dependent on bulk sizes, yet automatic placement or even operator error could affect Amazon totals up costs.

Amazon's Debt is currently stabilized compared to previous year. The current debt total is approximately $75billion.Though it is not common, when companies are unable to manage their debt, they are inclined to file bankruptcy. The debt to equity ratio is forecast to increase to approximately 5 percent this year, however, the rate of debt securities is likely decreasing to about $10billion.

Opportunities for the external environment

New products sometimes are not as successful when they are initially released. Amazon has happened to experience many product flops such as the Kindle Fire Tablet, The Amazon Fire Phone, and many other products and services. Usually, these products and services fail due to poor marketing and bad timing. I believe that Amazon could be successful if they revisit supplying electronics. Due to the current climate of today's world, both students and employed are subject to work on their projects from home. This would be the perfect time for Amazon to improve electronics and apply the necessary software so that it will be useful for business and school.

Furthermore, Amazon has expanded to the agricultural industry by opening food markets. Amazon currently has a chain of 26 stores in the U.S. and shopper check out and pay for their items through a payment application. This puts Amazon ahead of competitors because consumers will not be subject to wait in the checkout line, however, these hubs are only convivence stores so they will be no provide a wide selection of products. Amazon could potential be more successful if these physical stores expanded into supermarkets and wholesale markets.

Amazon Prime members can now use Amazon’s grocery delivery and pick up services. Amazon also have physical grocery market but there are current only 21 physical stores. Amazon's physical store operate with smart sensors that registers what customers pick up and put back and chargers the customer when they check out. This not only is convenient but will potentially expand their market because the shopping experience has advanced for customers which buts Amazon ahead of their competitors.

Threats of the external environment

Amazon has a wide range of competitors due to having a wide range of products to shop for. However, this company falls short regarding revenue when compared to its rival, Walmart. Walmart is also an online supplier and now offers a delivery service, yet, Amazon remains ahead of Walmart as on online retailer.

According to MarketWatch, Amazon spent $700 million on employee retention. Reports specify that Amazon has employed approximately 800,000 full time and part time employees and pays employees $15/hourly. Amazon could see a reduction in labor costs if they rely less on human operators and transition to operation an automated warehouse.

Cyber Crime is a threat to all major companies, not just Amazon. However, Amazon is more vulnerable to Cybercrime because it is a web-based business. In previous years, Amazon has fallen victim to cybercrime but has improved their strategy to minimize threats. It would be in Amazon’s best interest to protect their business by investing in cyber security insurance to reduce risks.

Amazon has gained success based on the marketing strategies that they utilize that have been proven to be effective. Amazon’s pay-per-click promotions are a great method to support deals. With the pay-per-click promotion, you can target customers by use of key terms or products from competitors. For Amazon merchants, there is a price for each click. The number of clicks

that a product must be a 10% conversion rate. For example, if you divide the $10 by 10 clicks, that's $1 per click.

Many businesses that have an online platform that requires your email to either sign up or check out your purchase to send back a receipt or notice of confirmation is applying the email marketing strategy. This is how Amazon makes records of their consumer's interests through the item that were view on their website and will market other products through email that may interest the consumer. Like e-mail marketing, behavioral retargeting targets the consumer based of their previous internet search. Outside of advertisements through email, consumers may experience ads through unrelated web pages and brief commercials before viewing visual online videos and subscription programs.