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### Strategic Plan: Amazon

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# Strategic Analysis and Recommendations



By: Olivia Flamand, Shannon Riley, and Aaron Wisher

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# Executive Summary

Amazon started in 1994, as a college online textbook ordering platform. Amazon has transformed into one of the most diverse e-commerce, offering nearly every product and service. Over the past two and a half decades, Amazon has changed their mission and vision to accommodate the masses. At first Amazon wanted to be, “to be Earth’s most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices.”, (*Amazon's global career site*). Amazon may have changed their mission, but one thing remains the same to be earth's most customer centric company. Amazon fulfills its mission by offering the most diverse product line, for a low price with fast delivery.

In this strategic analysis, we have identified Amazon's strength as a company and opportunities for growth. Reviewing Amazon's customer analysis, value chain analysis, financial information and competitive analysis we were able to create recommendations. The use of the SWOT, BCG and SPACE matrix, helped our group identify the best recommendations for Amazon. Amazon is already a profitable and diverse company, but to find a recommendation that would be smoothly implemented and financially rewarding is beneficial.

While doing the strategic analysis on Amazon.com Inc as a whole we have recommended two strategies. The two strategy recommendations will help the company grow their revenue and increase their position in the industry. Amazon entered the private label industry and lists many products under private label brands they own on their platform. We recommend that Amazon continue this business model to further develop these brands and eventually list strictly Amazon owned private labels. Amazon.com Inc has laid the groundwork to pursue this strategy at a low investment. The other recommendation we would make is to further expand in the grocery market. This fulfills many strengths and weaknesses for the company by further expanding their revenues through brick and mortar stores. The innovative technology Amazon offers creates a unique experience for the consumer from other brick and mortar grocery stores.

Below you will find our report for the strategic analysis that leads us to recommending the two strategies overviewed above. Through careful thought and analysis, we believe those are the two most profitable paths forward for Amazon.com Inc.

# Company Overview

Amazon.com is a multinational tech company that focuses on e-commerce, cloud computing, digital streaming, and AI. It was founded in 1994 by Jeff Bezos and began as an online bookstore that has developed into a multi-service/product e-commerce platform. Amazon is best known for offering millions of products at the best price available. Currently, the company strives to be an innovative force and explore new ideas to allow them to expand into different untapped markets. The core of the company is strong leadership principles. This involves being owners of the short-term sacrifices for long-term results and learning to be curious by always self-improving themselves and others around them. As of July 13th, 2020, Amazon's stock has increased nearly 70% since the market bottom on March 23rd, 2020. The top 5 tech companies are worth an estimated 3.5 trillion with Amazon accounting for 160.47 billion of that.

## Mission, Vision, & Core Values

Overall Amazon has an extremely effective mission and vision statements. Amazon pushes itself every day to make sure these statements are fulfilled which has led to the high success of the company. The current mission statement of "We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience." (*Amazon's global career site*) touches on the basic wants and needs of its customer base and covers all of their target markets. In a high context overview the mission statement proves that Amazon provides varied product selection, competitive pricing, and convenience. This covers the basic goals of Amazon as a company and also helps define the strategic direction of the company. Every customer, regardless of target market, wants the best product for the lowest price delivered in the most efficient way possible. However when you read the mission statement it is not clear what Amazon is offering or if it's even a technology company I believe they could be more detailed in this respect with an updated mission statement like "We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience for all your online purchases."

Amazon follows up their mission statement with an equally strong vision statement. "Our mission is to be Earth's most customer-centric company. This is what unites Amazonians across teams and geographies as we are all striving to delight our customers and make their lives easier, one innovative product, service, and idea at a time." (*Amazon's global career site*) This vision statement addresses Amazon's biggest stakeholder, its customers, stating they want to be Earth's most customer-centric company. They state the term "Amazonians" that creates a tribe that their customers are a part of and instills a feeling of belonging. The vision statement clearly points out Amazon's goal of becoming the best company in the e-commerce industry. It prioritizes

customers, product selection, and the large reach out into the world markets. Both the mission and vision statements hold longevity and the pursuit for the best for their customers.

Rounding out Amazon's strategic company views they state they are guided by the following core values:

- Customer Obsession
- Ownership
- Invent and Simplify
- Are Right, A Lot
- Hire and Develop the Best
- Insist on the Highest Standards
- Think Big
- Bias for Action
- Frugality
- Vocally Self Critical
- Earn Trust of Others
- Dive Deep
- Have Backbone; Disagree and Commit
- Deliver Results

## Products and Services

Amazon currently owns 80 different private label brands that they sell on their platform.

- Amazon.com
- Amazon Marketplace
- Amazon Pantry
- Amazon Fresh
- Amazon Payments
- Amazon Games
- Amazon Art
- Amazon Video
- Amazon Basics
- Amazon Elements
- Amazon Prime Air
- Amazon Go
- Amazon Music Unlimited
- Amazon Tickets
- Amazon Web Services
- Amazon Prime
- Amazon Music
- Amazon Fire Tv
- Echo and Alexa
- Amazon Kindle Fire
- Audible

## Customer Analysis

Amazon uses psychographic and behavioral market segments. For psychographic, Amazon collects enough information based on the customer's past orders. They catch on what type of lifestyle, personality, and opinions about the customer and relate similar products to them in hopes of them making another purchase.

For Behavioral, it all wraps around purchase decisions. Amazon wants to figure out what the customer ordered and why they did. It is Amazon's way of self-improving

themselves and knowing what the customer will prefer. They allow customers to make reviews and ratings on products so other customers can relate and decide on the purchase based on other views.

Business customers that Amazon have are companies that want their product on their retail market website. By having their product on the website, both Amazon and the business customer will make a profit together from the consumer. There is an agreement between both parties that each side gets a certain amount of profit. The creators of TV shows and movies from their Amazon Prime is an example of business-customer relations.

## Value Chain Analysis

According to Amazon's 10-K Form for 2018 pg. 57 and 2019 pg. 59, no vendor accounted for 10% or more of their purchases. (*10-k Form Annual Report 1-75*) Amazon states that they generally do not have long-term contracts or arrangements with their vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits. In November 2019 Amazon made the decision to publish a 51-page document detailing its suppliers for Amazon-branded products but did not specify the top suppliers. This list also does not specify what each supplier makes for Amazon.

Amazon owns multiple private label brands that they sell on their platform. A document link is provided in the reference section at the bottom of this document. Referencing Amazon's 10-K form "Our Supplier Relationships Subject Us to a Number of Risks We have significant suppliers, including content and technology licensors, and in some cases, limited or single-sources of supply, that are important to our sourcing, services, manufacturing, and any related ongoing servicing of merchandise and content. We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content, components, or services, particular payment terms, or the extension of credit limits. Decisions by our current suppliers to stop selling or licensing merchandise, content, components, or services to us on acceptable terms, or delay delivery, including as a result of one or more supplier bankruptcies due to poor economic conditions, as a result of natural disasters, or for other reasons, may result in our being unable to procure alternatives from other suppliers in a timely." (*10-k Form Annual Report 1-75*)

Amazon is a complex company with many different ways to buy and sell its products and services. The simplest approach they have is selling Business-to-Consumer exactly like what other online retailers do, though Amazon has a larger variety of products and services. Another avenue is Amazon Marketplace. Amazon Marketplace lets any retailer or person sell virtually any product they want using



Amazon's platform. The difference between Amazon.com and Amazon marketplace is with Amazon.com you are shopping directly from Amazon and the products Amazon has to offer whereas Amazon Marketplace you are seeing products from Amazon as well as other retailers who have opted to use Amazon's services for a small fee of each purchase made by consumers.

In order to sell products Amazon utilizes multiple marketing strategies. Below I have listed 4 different strategies and tactics.

Amazon has mastered the art of customer tracking through the use of cookies on a customer's hard drive. This embedded marketing feature personalizes the shopping experience of each customer based on past product views and purchases. Amazon also has an extremely refined email marketing strategy. With an estimated 300 million accounts stored in Amazon.com they have an enormous opportunity to continue to push product upsell emails and suggestions to past and present customers. Some examples of the templates they use that are personalized per customer include:

1. Welcome email
2. Receipt
3. Shipping
4. Thank you
5. Invite
6. Upsell
7. Black Friday
8. Review
9. Browsing

Another marketing strategy Amazon is the pioneer for is ratings and reviews. They implemented a review system on their platform in 1995. Amazon has set the precedent for their reviews and they are widely known and respected throughout their customer base. The exact financial power of reviews was proven when Amazon added the "Was this review helpful?" feature and began earning an estimated \$2.7 billion a year. Their review system is unique in that it has consumers review individual products where a lot of companies ask consumers to rate and review the company as a whole.

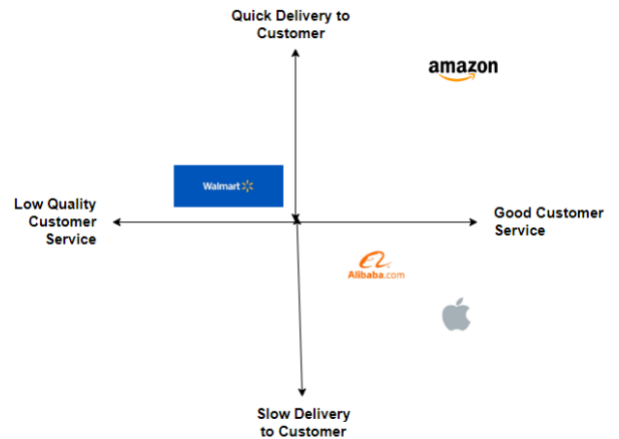
Customer loyalty is another way Amazon's marketing is driven. They created a membership under the name AmazonPrime that benefits loyal customers with quicker shipping, better pricing, and other benefits. Loyalty members spend a large percentage more than nonmembers. The latest report by VentureBeat shows that there are currently 150 million Amazon Prime subscribers (Mohsin 10 Amazon Statistics You Need to Know in 2020 [April 2020]).

The last strategy for marketing Amazon offers is AmazonAdvertising. This is targeted to help those sellers on their Amazon Marketplace. Remember, Amazon gets a percentage of each sale made on the marketplace through other retailers. They prove

an in-depth explanation for sellers about marketing strategies they offer, and different terms used. The advertising goals are laid out cleanly and they provide a starting point of sponsored ads for sellers to get advertising going on their products.

Perceptual Maps covering Product Price, Delivery, Quality, and Customer Service of the following 4 companies:

1. Amazon
2. Alibaba
3. Walmart
4. Apple



# Financial Information

## Income Statement

<b>Income statement</b>	12/31/18	12/31/19	Up or down	Percentage ch
Revenues	232,887	280522	Up	20.45%
Cost of Goods Sold	139,156	165536	Up	18.96%
Gross Profit total net sales- cost of sales	93,731	114986	Up	22.68%
Total operating expenses	220,466	265981	Up	20.64%
Operating expenses	81,310	100445	Up	23.53%
EBIT-operating income	12421	14541	Up	17.07%
Interest Expense- total non operating income expense	-1,160	-565	Up	48.71%
EBT-income before income taxes	11261	13976	Up	24.11%
Tax	-1197	-2374	Down	49.58%
Non recurring events equity method investment activity net of tax	9	-14	Down	164.29%
<b>Net Income</b>	10073	11588	Up	15.04%

Above is Amazon's income statement from 2018 and 2019 in millions. Almost all of their numbers went up except tax and non-recurring events.

## Balance Sheet

<b>Balance Sheet</b>				
<b>Assets</b>				
Cash and short term investments cash/cash equivalents + market securities	41250	55021	Up	33.38%
Accounts receivable	16677	20816	Up	24.82%
Inventory	17174	20497	Up	19.35%
Other current assets	0	0	N/A	
<b>Total current assets</b>	<b>75101</b>	<b>96334</b>	<b>Up</b>	<b>28.27%</b>
Property plant and equipment	61797	72705	Up	17.65%
Goodwill	14548	14754	Up	1.42%
Intangibles	0	0	N/A	
Other long term assets	11202	16314	Up	45.63%
<b>Total assets</b>	<b>162648</b>	<b>225248</b>	<b>Up</b>	<b>38.49%</b>
<b>Liabilities</b>				
Accounts payable	38192	47183	Up	23.54%
Other current liability- accrued expenses and other + unearned revenue	30199	40629	Up	34.54%
<b>Total current liability</b>	<b>68391</b>	<b>87812</b>	<b>Up</b>	<b>28.40%</b>
Long term debt	23495	23414	Down	0.34%
Other long term liabilities	27213	51962	Up	90.95%
<b>Total liabilities</b>	<b>119099</b>	<b>163188</b>	<b>Up</b>	<b>37.02%</b>
<b>Equity</b>				
Common stock	5	5	Down	0.00%
Retained earnings	19625	31220	Up	59.08%
Treasury stock	-1837	-1837	Down	0.00%
Additional paid in capital	26791	33658	Up	25.63%
Accumulated other comprehensive loss	-1035	-986	Up	-4.73%
Paid in capital and other	25756	32672	Up	26.85%
<b>Total equity</b>	<b>43549</b>	<b>62060</b>	<b>Up</b>	<b>42.51%</b>
<b>Total liabilities and equity</b>	<b>162648</b>	<b>225248</b>	<b>Up</b>	<b>38.49%</b>

Above is Amazon's balance sheet from 2018 and 2019, stated in millions.

## Financial Ratio Analysis

Overall Amazon has done a great job with their financials and continues to grow. Their long-term debt and taxes are down, which is good for the companies returns. Treasury stock, common stock and intangibles stay the same throughout the last few years. Amazon is going in the right direction considering their Form 10K, income statement and balance sheet.

Amazon reports everything under revenue that I could find, and not separately. Almost all things have increased over the past two years and even further out the last four years. Taxes have dropped, common stock and treasury stock resin the same. Long term debt, and non-recurring investments are also down. Other than stock, debt and taxes everything else is up for amazon. Watching the growth of the company over the past two years, it looks as if they are financially healthy.

# Competitive Analysis

Alibaba gives a cloud computing service called “Alibaba Cloud” that is similar to Amazons. They give customer service and memory for their clients on the service. Alibaba also has a Digital Media and Entertainment that has their own set of channels. They have a competitive pricing strategy in which they maintain the product prices little less compared to the competitors. This allows a healthy competition without losing the profit margin.

Alibaba's product strategy is keeping open communication throughout all stores and websites. They have small and medium sized brands, stores having the same access to the same data and digital infrastructure that way they are kept up to date with the company and the information involved. Alibaba is always looking to quality suppliers that they are able to grow and benefit with them.

Walmart is the second competitor and they have similar services and products as Amazon. For one, Walmart has a service called Sam’s Club that allows customers to have exclusive savings and quality to the merchandise such as items, fuel savings, and prescriptions. Walmart is considered as a warehouse store and has the majority of services and products that other warehouses such as Costco provide. This includes deli, produce, car repair, gardening, home supplies, etc.

For competitor price strategy, Walmart has been using what is known as EDLP (Everyday Low Prices). Walmart dedicates their research on seeing what everyone else charges on a product/service and makes the attempt to make their prices lower. Walmart used to have commercials back in the early 2000s that showed customers asking for a price match or lower on products that other stores had on a different price.

This was showing the dedication Walmart had for low prices.

	Amazon	Alibaba	Walmart
Sales	\$ 280,522.00	\$ 384,000.00	\$ 514,405.00
Market Capitalization	\$1.59 T	\$ 5.69 M	\$ 278,000.00
Net Income to Sales	\$ 115,900.00	\$ 13,918.00	\$ 510,329.00
Debt to Assets	73.22%	21.52%	60.37%
ROA	5.15%	0.97%	5.20%

In Billions. T = Trillion M= Million

Above is a table that shows the financial side of Alibaba and Walmart compared to Amazon. There are many financial analysis formulas that could be used but we decided that these five picks were the most informational.

## CPM

Enter 12 Factors Below		Weight	Amazon	Walmart	Alibaba
Product Variety	0.2	4	3	3	
Price Competitiveness	0.14	4	2	2	
Customer Service	0.1	3	1	2	
Product Quality	0.09	4	2	3	
Customer Loyalty	0.05	2	2	3	
Order shipping time	0.1	3	2	2	
Financial Profit	0.02	4	4	4	
International Market Penetration	0.02	3	3	4	
Market Share	0.05	3	4	4	
Email marketing campaigns/follow ups	0.04	4	2	3	
Brand	0.09	4	4	3	
Ease of Checkout	0.1	4	3	2	
<b>View CPM</b>		<b>1.00</b>			

Critical Success Factors	Amazon			Walmart		Alibaba	
	Weight	Rating	Score	Rating	Score	Rating	Score
Product Variety	0.20	4	0.80	3	0.60	3	0.60
Price Competitiveness	0.14	4	0.56	2	0.28	2	0.28
Customer Service	0.10	3	0.30	1	0.10	2	0.20
Product Quality	0.09	4	0.36	2	0.18	3	0.27
Customer Loyalty	0.05	2	0.10	2	0.10	3	0.15
Order shipping time	0.10	3	0.30	2	0.20	2	0.20
Financial Profit	0.02	4	0.08	4	0.08	4	0.08
International Market Penetration	0.02	3	0.06	3	0.06	4	0.08
Market Share	0.05	3	0.15	4	0.20	4	0.20
Email marketing	0.04	4	0.16	2	0.08	3	0.12
Brand	0.09	4	0.36	4	0.36	3	0.27
Ease of Checkout	0.10	4	0.40	3	0.30	2	0.20
<b>Totals</b>	<b>1.00</b>		<b>3.63</b>		<b>2.54</b>		<b>2.65</b>

Above is the CPM, after reviewing Amazon, Walmart and Alibaba we were able to find the ratings and scores of each company. As a group we felt product variety, price competitiveness, product quality, financial profit, email marketing, brand and ease of checkout were strategies and things Amazon does well. Product variety had the highest score for Amazon, Walmart and Alibaba. Amazon's lowest score was in international market penetration, while Walmart had the same score, Alibaba was .02 higher than Amazon. When comparing all three companies total weighted scores, Amazon was nearly one point higher than Walmart and Alibaba.

## Five-Competitive Forces

1. Rivalry among competing firms- High
  - a. Lots of competing firms and similar businesses- more online businesses than before
  - b. Products change rapidly
  - c. There are competing firms that are similar in size such as Walmart and Alibaba
2. Potential entry of new competitors- Low to Middle
  - a. Anyone could enter the online platform but not to the extent that amazon has
  - b. Amazon is a giant in their field and to compete at that level will be hard
  - c. New entrants would have to provide, vast amounts of product, price and delivery to compete with the largest online retailer
3. Potential development of substitute products- Middle to High
  - a. Companies thrive off of substitutions and it is easier than before
  - b. Amazon is all for the consumer needs, but many companies can offer substitutes of products.
  - c. Amazon is one of the companies that offer the substitute to consumers which could also mean it is middle to high standing.
4. Bargaining power of supplier- Low
  - a. Amazon has a lot of suppliers, but they must follow the same standard as amazon in order to be a supplier
  - b. Suppliers would not try and undermine Amazon because they are a large buying platform
  - c. Suppliers generally can't raise the price of the inputs, because Amazon would go to the next supplier.
  - d. Amazon has numerous suppliers therefore making it a low bargaining power for the suppliers.
5. Bargaining power of consumers -High
  - a. Amazon offers multiple items at different prices giving consumers the choice
  - b. The company still has to compete with other stores and companies making the consumer power high
  - c. Consumers choose how much things will cost and how much they are willing to pay for them.

All around Amazon is a well-rounded company with the five competitive forces. The competition in their market is high, but they also have a reign over other new entering companies. Substitution is high and amazon tends to offer the substitutions for their own products. Bargaining power of suppliers is low, Amazon works with many suppliers and

decides who they want. The bargaining power of consumers is high, because consumers get to decide what they want and how much they would like to pay for it. Amazon is in a very attractive industry that is successful in the different forces.

## IFE Matrix

Amazons IFE highlights the strengths and weaknesses of the company we found to be most important. Customer Loyalty and competitive pricing were the top two strengths for Amazon. We also found that the shrinking margins and brand damage from tax avoidance were two of the top weaknesses of the company. In the IFE Matrix below you can observe the top 10 strengths and weaknesses we identified.

Strengths		Weight	Rating	Weighted Score
1	Customer Loyalty	0.11	4	0.44
2	Competitive Product and Service Pricing	0.10	4	0.40
3	Brand Valuation is #1 in the World at \$415.9 Billion (06/03/2020 Valuation)	0.10	4	0.40
4	Diverse Business Products/Services	0.09	3	0.27
5	Cost Leadership: Amazon Uses Advanced Computing and Networking Technologies	0.08	2	0.16
6	Technology Innovation	0.03	1	0.03
7	Efficient Logistics and Distribution	0.03	4	0.12
8	GLOCAL strategy "Go global & act local"	0.03	2	0.06
9	Acquisitions	0.02	4	0.08
10	High Minimum Wage for employees	0.01	2	0.02

Weaknesses		Weight	Rating	Weighted Score
1	Margins Shrinking	0.11	4	0.44
2	Tax Avoidance has Caused Brand Damage	0.10	3	0.30
3	Product Failures	0.05	3	0.15
4	Product Quality from International sellers (China Specifically)	0.03	2	0.06
5	Warehouse Attrition Rate	0.02	2	0.04
6	Loss of Profits in Markets Such as India	0.02	2	0.04
7	Workplace conditions	0.02	2	0.04
8	Anti-Trust Charges in European Union	0.02	3	0.06
9	Employee Strikes	0.02	3	0.06
10	No Brick and Mortar Presence	0.01	1	0.01
<b>Total IFE Score</b>		<b>1.00</b>		<b>3.18</b>

## EFE Matrix

Amazons EFE highlights the opportunities and threats of the company. Expanding into a new market and sudden need for online shopping due to pandemic were the top two opportunities for Amazon. We also found that a cyber security breach and a business imitating their business model were two of the top threats for the company. In the EFE Matrix below you can observe the top 10 opportunities and threats we identified.



	Opportunities	Weight	Rating	Weighted Score
1	Expansion into a New Market	0.10	3	0.3
2	Sudden Need for Products due to a Pandemic	0.10	4	0.4
3	Acquisitions of Companies	0.07	4	0.28
4	Backwards integration: Focus on growing private brands	0.06	3	0.18
5	New partnerships	0.06	2	0.12
6	Develop Distribution Company	0.05	4	0.2
7	Global Expansion	0.03	2	0.06
8	Expanding to physical stores or pick up centers	0.03	2	0.06
9	Grocery Market	0.01	2	0.02
10	Environmentally focused	0.01	1	0.01

	Threats	Weight	Rating	Weighted Score
1	Cybersecurity Breach	0.10	4	0.40
2	Imitation of Business Model	0.08	3	0.24
3	Government Regulation	0.06	3	0.18
4	Competitive Pricing	0.06	3	0.18
5	Managerial Bandwidth	0.04	2	0.08
6	Competition in the Global Market	0.04	3	0.12
7	Seasonal Products Create Shifting Revenues	0.03	2	0.06
8	Lawsuits from Competitors	0.03	2	0.06
9	Competition from Local Companies	0.02	2	0.04
10	Political Contrasts Between the US and Other Countries	0.02	3	0.06
	<b>Total EFE Score</b>	<b>1.00</b>		<b>3.05</b>

## Generic Strategy

Amazon's generic strategy is cost leadership in a broad market segmentation. This is also known as a Type 1 Strategy. A type one strategy is when a company has a large market and it services a varied socioeconomic background, (*Strategic Management:*, 145). Amazon has a very broad market segmentation, both global markets and broad range of products. Their market segmentation is broad, but the socioeconomic background is also broad making this a cost leadership generic strategy. This strategy has been effective for Amazon even though they have competitors, most of them cannot imitate the strategy that Amazon follows. Amazon has high buyer interest because of the vast products and services they offer while keeping their profits high.

Amazon's generic strategy is cost leadership in a broad market segmentation, but the company also uses differentiation. The company's differentiation strategy is fast paced delivery services and having more products and services than competitors. Another way that Amazon has used differentiation is the cutting-edge technology that is used for both consumers and producers. Amazon provides an online platform, with quick delivery and nearly every product on the market. Amazon is more concerned about gaining market share than profit, in order to achieve this Amazon has had to balance financial and strategic objectives, (*Strategic Management:*, 130). The third strategy that Amazon has started to use is unrelated diversification, by entering an existing market. Amazon started with textbooks, now having over 80 different labels. One of the next steps the company is looking into is pharmacy, becoming one of the first delivery pharmacy companies. Offering a new delivery service

for an existing market is one-way amazon uses unrelated diversification, (*Strategic Management:*", 138).

Amazon's market penetration started with their online textbook store and growing it the biggest online retail store to offer everything. Their market development started in the United States and has moved into European and Asian countries. The next move that Amazon would like to make is moving into India and their market. The United States is Amazon's biggest market, Germany is the second, the UK is third and Japan is the fourth largest market for Amazon.

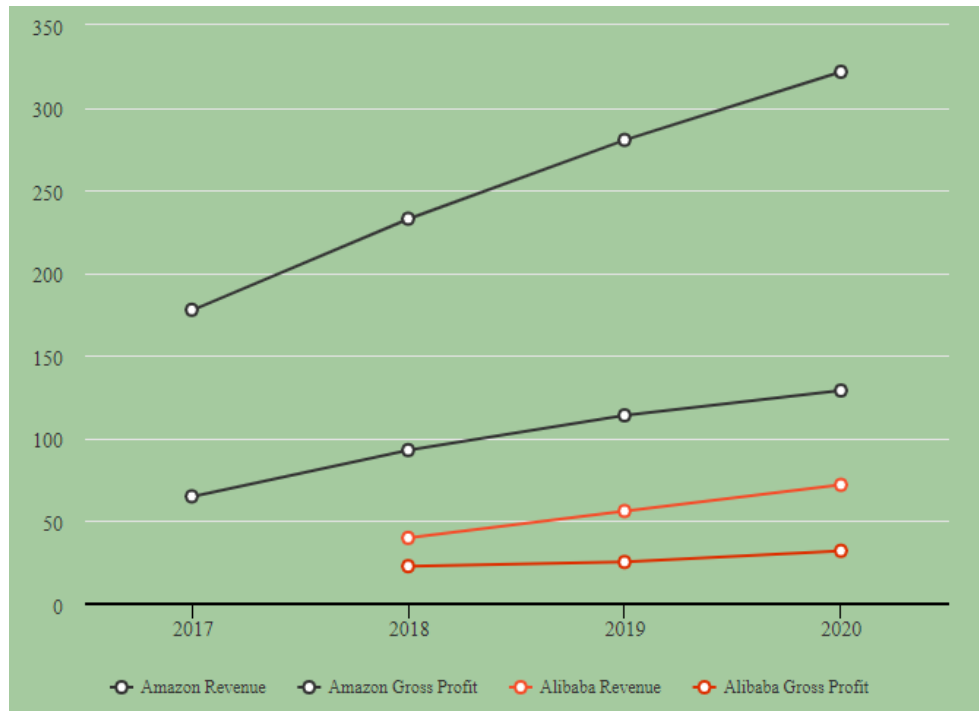
Amazon has a competitive advantage of low prices, variety, delivery and their adaptability. The company that started as an online bookstore and has transformed into a mass online retailer using one competitive advantage, adaptability. Amazon has a competitive advantage of fulfillment, from their shipment services to the importance of consumers' goods being delivered.

## Company Position

Amazon is constantly growing from year to year with a 27.66% increase in revenues from June 2019 to June 2020. The revenue for the second quarter of 2020 was up 40.23% in revenues (Amazon Revenue 2006-2020: AMZN). Though Alibaba is not at the level of Amazon in reference to revenues and gross profit, they are consistently growing from year to year and are Amazon's largest competitor in the industry, next to Walmart, when it comes to e-commerce. Amazon has seen substantial growth in revenues since 2016 and there is no end in sight. As we currently are in a global pandemic most online e-commerce retailers are seeing an uptick in revenues due to the increase in online shopping and avoidance of going into the public. Walmart, one of Amazon's large competitors, had a slight advantage since March 2020 since they were allowed to keep brick and mortar businesses open when most other businesses were forced to shut down per the government orders.

The upwards trend of Amazon's revenues will continue over the foreseeable future. This giant of a company has many advantages to further itself by acquiring new companies, getting into new markets, and streamlining its manufacturing and distribution processes.

### **Amazon and Alibaba Revenues and Gross Profit 2017-2020 (Billions of Dollars)**



## SWOT Analysis

### SO Strategies

1. Developing Amazon's private brands further and marketing them to the loyal customer base they have built. Currently Amazon offers roughly 7,217 private labeled products with 86% of those listed under \$50 with an average rating of 4.04 out of 5. They have the quality and pricing down to compete in the industry. Amazon's other private brands, AmazonBasics and Amazon Exclusive, have a combined product listing of roughly 20,000 products. Walmart, one of Amazon's biggest competitors, has an estimated 30,000 products across there 319 private label brands. Amazon should take steps to increase their product listings to compete with others in the industry while maintaining the quality and competitive pricing they currently offer.
2. Expand into the grocery market by applying current business knowledge to develop an efficient grocery delivery business. This strategy could be extremely profitable as online grocery sales grew 22% in 2019 and are projected to increase 40% in 2020 (Russell Redman 1 | May 11). According to Foodondemand, in May 2020 there were an estimated 73.5 million online grocery orders valued at \$6.6 billion worth of sales. There is a large opportunity in this market for Amazon to expand (Upton *Online Grocery Continues to Accelerate, Market Share Shifts*).

## WO Strategies

1. Implementing new workplace culture at all levels from management to warehouse employees. Not only will this decrease warehouse strikes and attrition rates but also will provide good press and marketing for the company and a new path forward with customers who otherwise think that Amazon is a corporate company with no thought to its employees. The average turnover rate for warehouse workers in places with fulfillment centers belonging to Amazon was 100.9% in 2017(Tung *Amazon's Disposable Workers: High Injury and Turnover Rates at Fulfillment Centers in California*).
2. Expanding its product and service offerings to increase physical stores in certain untapped markets domestically and internationally. Walmart dominates both online and brick and mortar, so Amazon has the opportunity to expand into having full stores worth of products.

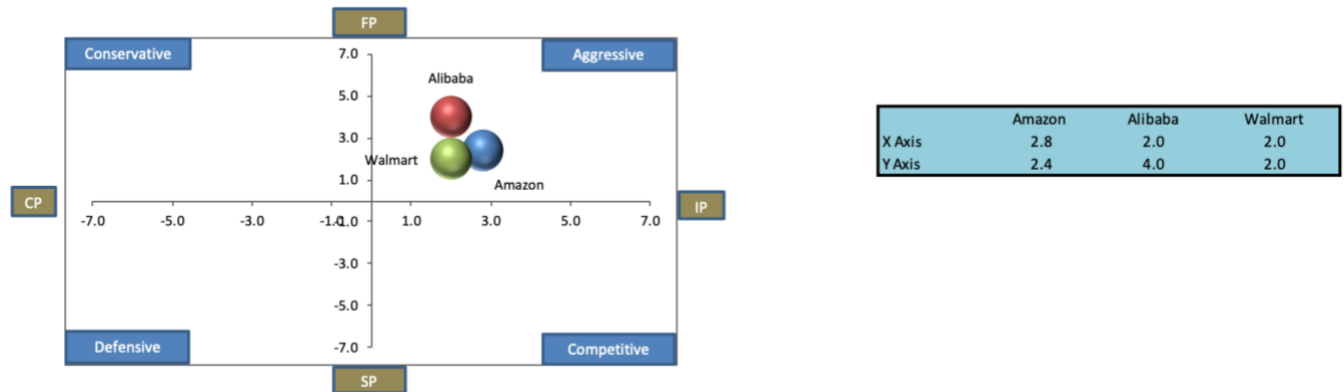
## ST Strategies

1. Continue innovating network security systems to protect sensitive consumer data. By doing so Amazon can build continued customer trust that their data is protected while shopping on the platform. Specifically beefing up AWS. As recently as March 2020 there was a database breach that left unsecured customer records from the EU and UK on AWS. Amazon benefits from the continued investment and focus on cyber security.
2. Work towards a more environmentally friendly delivery process and packaging. Implement new packaging material and limit the waste as well as fossil fuels being used to deliver packages. Amazon has started to use electric cars instead of gas, which is one implementation that will help reduce fossil fuels.

## WT Strategies

1. Form new partnerships and acquisitions to further expand on Amazon's diverse product and service portfolio. Amazon has grown substantially through acquisitions such as Whole Foods, Twitch, and Zappos to name a few. The company could place itself strategically in many markets if it continues diversifying itself through these acquisitions.
2. Practice better business practices and create PR plans to help with controversies and prevent lawsuits. Example: Amazon using data from third-party sellers to develop their private brands and is being sued and charged by the EU.

# Space Matrix



<i>Internal Analysis:</i>		<i>External Analysis:</i>	
<b>Financial Position (FP)</b>		<b>Stability Position (SP)</b>	
Current Ratio	5	Rate of Inflation	-2
Debt to Equity	5	Technological Changes	-1
Net Income	5	Price Elasticity of Demand	-2
Revenue	5	Competitive Pressure	-5
Inventory Turnover	5	Barriers to Entry into Market	-4
<b>Financial Position (FP) Average</b>	<b>5.2</b>	<b>Stability Position (SP) Average</b>	<b>-2.8</b>

<i>Internal Analysis:</i>		<i>External Analysis:</i>	
<b>Competitive Position (CP)</b>		<b>Industry Position (IP)</b>	
Market Share	-2	Growth Potential	6
Product Quality	-2	Financial Stability	5
Customer Loyalty	-2	Ease of Entry into Market	3
Variety of Products Offered	-1	Resource Utilization	4
Control over Suppliers and Distributors	-3	Profit Potential	6
<b>Competitive Position (CP) Average</b>	<b>-2.0</b>	<b>Industry Position (IP) Average</b>	<b>4.8</b>

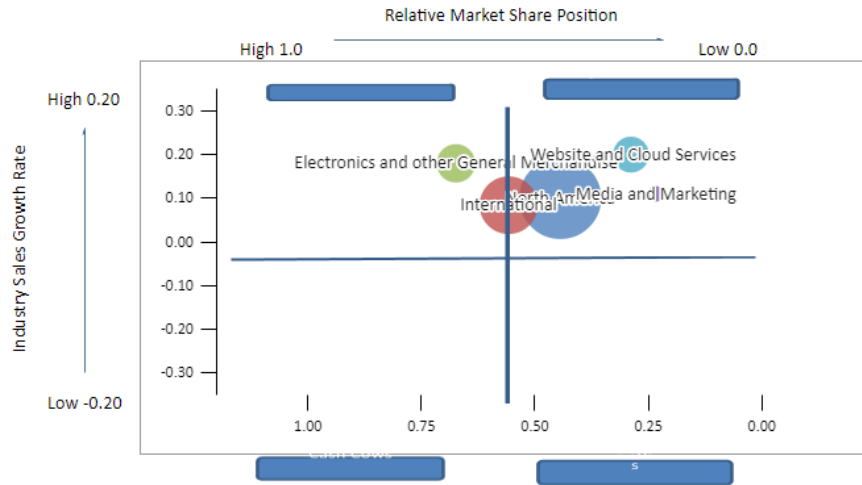
All three companies land in the aggressive category of the space matrix. Alibaba and Walmart rank the same on the x-axis, while Amazon is .8 higher than both of them. Amazon has a higher level of industry strength than Alibaba and Walmart. On the y-axis Alibaba leads the way because of their financial strength, while Walmart lacks the financial strength.

Considering Alibaba's position, they have more financial strength than Amazon, but lack the amount of industry strength that Amazon has. Amazon outranks Walmart in both financial strength and industry strength.

One recommendation is to develop further private brands for Amazon, because the company already has industry strength introducing more of their own brands into the market would benefit their brand. Having more private brands would make Amazon a more competitive company, similar to Walmart's private brand strategy. The second recommendation is moving into the grocery market which would increase their market share as well as product and market development. Amazon offers many products but

competing in the grocery and delivery industry would increase their product and market development.

## BCG Matrix



Division	Your Firm's Division Revenues	Top Firm in Industry Division Revenues	Industry Sales Growth Rate	Relative Market Share Position
North America	\$141,366	\$318,477	0.10	0.44
International	\$65,866	\$118,068	0.08	0.56
Electronics and other General Merchandise	\$28,840	\$42,800	0.18	0.67
Media and Marketing	\$13,810	\$59,216	0.11	0.23
Website and Cloud Services	\$25,655	\$89,000	0.20	0.29

Above is the BCG Matrix between Amazon and their top two competitors in each division. For North America, Amazon was analyzed with Walmart and IBM for Relative Market Share Position. International competitors were Alibaba and Walmart. Electronics and other General Merchandise included Microsoft and Walmart's revenues. Media and Marketing included Microsoft and IBM as well. Finally, Website and Cloud Services involved IBM and Alibaba. The numbers for the Relative Market Share Position were then placed into a graph to show how each number is positioned with the Industry Sales Growth Position.

## Strategy Recommendation

### Strategy Recommendation 1

Developing Amazon's private brands further and marketing them to the loyal customer base they have built. The strategic investment into selling their own branded products on the Amazon platform will further the valuation of Amazon at a low cost. Amazon has access to many companies that they can acquire and private label for themselves through their accelerator program. The more private brands Amazon.com can list on its website and out list other products the more revenues they will see.

## Strategy Recommendation 2

Expand further into the grocery market by applying current business knowledge to develop an efficient grocery delivery business for more Amazon customers. Currently AmazonFresh and AmazonGo are the two-grocery based services Amazon offers. This would involve more brick and mortar presence.

Cost: Each Amazon Go store hardware costs roughly 1 million dollars. Currently there are 21 Amazon Go convenience stores which offer the option of "checkoutless" shopping. Amazon has the opportunity to expand this to most large to mid-size cities in the United States and eventually go global. Amazon could capitalize off their acquisition of Whole Foods to expand that company and reach more customers doing grocery delivery through those stores as well.

## QSPM

		Strategy 1		Strategy 2	
Strengths	Weight	AS	TAS	AS	TAS
1 Customer Loyalty	0.11	4	0.44	3	0.33
2 Brand Valuation is #1 in the World at \$415.9 Billion (06/03/2020 Valuation)	0.10	2	0.20	1	0.10
3 Competitive Product and Service Pricing	0.10	4	0.40	3	0.30
4 Diverse Business Products/Services	0.09	4	0.36	1	0.09
5 Cost Leadership: Amazon Uses Advanced Computing and Networking Technologies	0.08	4	0.32	3	0.24
6 Technology Innovation	0.03	2	0.06	3	0.09
7 Efficient Logistics and Distribution	0.03	3	0.09	4	0.12
8 GLOCAL strategy "Go global & act local"	0.03	0	0.00	0	0.00
9 Acquisitions	0.02	3	0.06	2	0.04
10 High Minimum Wage for employees	0.01	0	0.00	0	0.00

		Strategy 1		Strategy 2	
Weaknesses	Weight	AS	TAS	AS	TAS
1 Margins Shrinking	0.11	3	0.33	4	0.44
2 Tax Avoidance has Caused Brand Damage	0.10	0	0.00	0	0.00
3 Product Failures	0.05	2	0.10	0	0.00
4 Product Quality from International sellers (China Specifically)	0.03	0	0.00	0	0.00
5 Warehouse Attrition Rate	0.02	0	0.00	0	0.00
6 Loss of Profits in Markets Such as India	0.02	0	0.00	0	0.00
7 Workplace conditions	0.02	0	0.00	0	0.00
8 Anti-Trust Charges in European Union	0.02	0	0.00	0	0.00
9 Employee Strikes	0.02	0	0.00	0	0.00
10 No Brick and Mortar Presence	0.01	2	0.02	1	0.01

		Strategy 1		Strategy 2		
Opportunities		Weight	AS	TAS	AS	TAS
1	Expansion into a New Market	0.10	4	0.40	3	0.30
2	Sudden Need for Products due to a Pandemic	0.10	2	0.20	4	0.40
3	Acquisitions of Companies	0.07	3	0.21	1	0.07
4	Backwards integration: Focus on growing private brands	0.06	4	0.24	1	0.06
5	New partnerships	0.06	2	0.12	3	0.18
6	Develop Distribution Company	0.05	3	0.15	4	0.20
7	Global Expansion	0.03	4	0.12	3	0.09
8	Expanding to physical stores or pick up centers	0.03	2	0.06	3	0.09
9	Grocery Market	0.01	1	0.01	4	0.04
10	Environmentally focused	0.01	0	0.00	0	0.00

		Strategy 1		Strategy 2		
Threats		Weight	AS	TAS	AS	TAS
1	Cybersecurity Breach	0.10	0	0.00	0	0.00
2	Imitation of Business Model	0.08	2	0.16	3	0.24
3	Government Regulation	0.06	0	0.00	0	0.00
4	Competitive Pricing	0.06	3	0.18	4	0.24
5	Managerial Bandwidth	0.04	0	0.00	0	0.00
6	Competition in the Global Market	0.04	4	0.16	2	0.08
7	Seasonal Products Create Shifting Revenues	0.03	2	0.06	0	0.00
8	Lawsuits from Competitors	0.03	3	0.09	0	0.00
9	Competition from Local Companies	0.02	3	0.06	4	0.08
10	Political Contraints Between the US and Other Countries	0.02	0	0.00	0	0.00
<b>TOTALS</b>				<b>4.60</b>		<b>2.70</b>

## Totals

**4.60**      **2.70**

Above we have included our QSPM calculations displayed in the Matrix. Strategy 1 is the more attractive strategy out of the two proposed that recommends further developing Amazon.com Ins private label brands and selling them to their loyal customer base.

## Final Strategy Recommendation

For strategy recommendation number 1, the implications for the company would be building a loyal customer base for that industry and making a uniqueness to the product. The product has to have something that other competitors do not have. It would be easy for Amazon to build such an attractive product either by selling the item at a low price or adding some other capability to a common product. Amazon has a great set of loyal customers. Instead of focusing on making a loyal group, they should continue to grow and expand and make products so enjoyable for customers that they tell others in their everyday life. They could also include the idea of teaming up with already made products that need a little boost for sales and marketing. This could benefit both sides of the party.

Risks factors for strategy number 1 could include the lack of resources and the price for them. Resources are starting to get low for new products. Unless suggesting



alternative routes for producing the product, Amazon might end up purchasing a minimal source that has a large price because of value. This could impact the financial side of the business and may lose the great performance Amazon currently has. The second risk is organizational culture. We recommend either choosing a different product source or outsourcing to other companies in different countries.

The product that Amazon decides to collaborate or create could be affecting how some employees see the company and its future. This could start arguments and lack of work that is not necessary. The best way to get around this is for Amazon to reach out towards their employees and get their opinion before making the product. Not in person but rather a vote for each part of the company to show a percentage of what each group agrees and disagrees for the product and Amazon's culture.

Environmental could also be impacted. With new products comes new factories for storing and producing. Is the product toxic? Does the product need a chunk of land that will be big enough to affect nature and the people around it? EPA and OSHA do free testing for companies and would more than likely take up a chance to work with Amazon to make sure everything is safe for the community in the company and the world.

For strategy recommendation number 2, expanding into the grocery market to other cities, small towns, and foreign countries can bring a whole new market of people. The grocery store is always going to be a necessity for everyone in the world. Many people in today's world would prefer not having to stay in line and check out. With the stores already open, Amazon provides that service by allowing customers to walk out of the door when done and have a scanner that reads the total price of the bill. This will then charge to the customer's bank account. Being able to checkout without being a line is something that the majority of the world would prefer. This can be an advantage towards customers such as Walmart. Even in today's world, most customers enjoy going out and doing their own set of groceries. They enjoy that routine in their lives and want that as an excuse out the house just as going to the bookstore once was. With this expansion, Amazon can see sales have a huge increase. This can also open doors for Amazon to have sections in the store to sell other items that you would only see on the website.

With the construction, building supplies, and employee supply, this strategy will take a chunk out of Amazon's revenue. Amazon will need to watch where they are taking funds to make this happen and what is needed to recover if all else fails. To have a safety net, we recommend Amazon to test out a few stores in small towns and cities in different areas of the United States. After receiving the financial results, decide whether or not to expand further into the smaller communities.

Amazon will need to strategically plan on the location for their stores. Reason being is that the environment is one of the main areas of topics that our world is discussing. Amazon cannot just plop a store where it wants to and assume the community will be okay with it. The safest route would be purchasing an already built building that was deserted or for sale and then remodel the interior and exterior. If that is not possible, we again recommend discussing options with OSHA and EPA on how to handle constructing a building on commercial land.

## Summary

The two strategic recommendations are to develop a private brand and to move into the grocery delivery market. The first recommendation would be to develop a private brand and the SWOT, SPACE and BCG support this recommendation. One of Amazon's strengths is their customer loyalty, building a private brand would put them ahead of competition because they already have the customer base. Amazon is in the first quadrant of the SPACE making them an aggressive company with industry strength and financial stability. Developing a private brand would boost both their competitive advantage and industry strength. Considering that Amazon is an aggressive company, product and market development are important in keeping their position. Amazon exceeds expectations in market share in North America and internationally, which shows their customer loyalty and industry strength.

The second recommendation of expanding into the grocery delivery market follows the first recommendation. Amazon already has the delivery service down to a science, adding another division of non-conventional grocery shopping would boost their competitive advantage.

Creating a private brand and expanding the grocery delivery sector of their business would increase competitive advantage. Their industry strength is an advantage that Amazon already has, with their customer loyalty, creating a private brand would be successful. With expansion into the grocery market, the outcome would be a new way to grocery shop and expand into rural areas for delivery. This would increase the competitiveness of Amazon, industry strength, versatility and financial stability.

Competition and substitution are two threats that Amazon faces, by creating a private brand they limit substitutions. By adding and expanding their grocery delivery, Amazon is competing in a new market but increasing their market as well. Amazon sits in a great position, but to keep that position they must implement different strategies to keep them competing.

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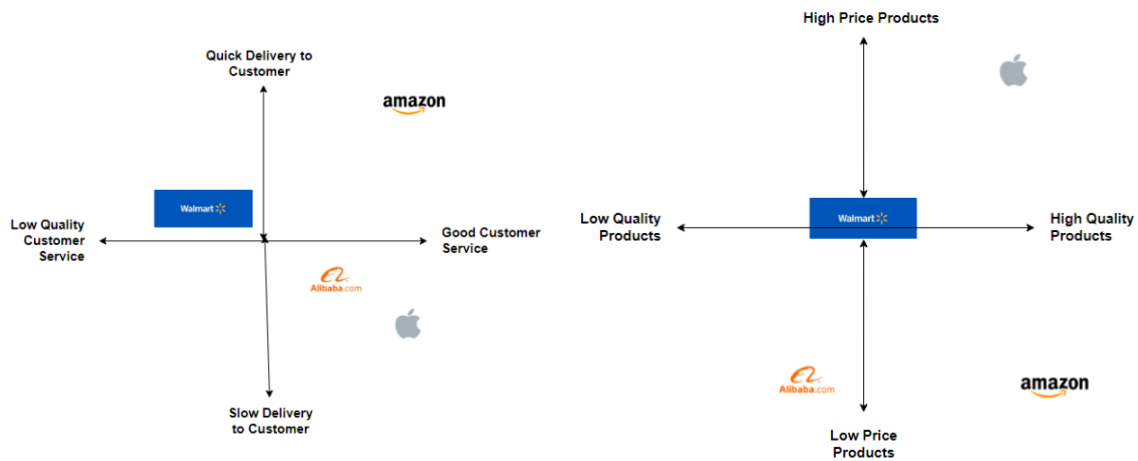
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#### Amazon Supplier List

<https://d39w7f4ix9f5s9.cloudfront.net/cb/19/77dfc5b441c892cd6e2be166ba70/final-amazon-supplier-list-2019-11-14-updated-1005am.pdf>

# Appendix

## Perceptual map



## Income statement

Income statement	12/31/18	12/31/19	Up or down	Percentage ch
Revenues	232,887	280522	Up	20.45%
Cost of Goods Sold	139,156	165536	Up	18.96%
Gross Profit total net sales- cost of sales	93,731	114986	Up	22.68%
Total operating expenses	220,466	265981	Up	20.64%
Operating expenses	81,310	100445	Up	23.53%
EBIT-operating income	12421	14541	Up	17.07%
Interest Expense- total non operating income expense	-1,160	-565	Up	48.71%
EBT-income before income taxes	11261	13976	Up	24.11%
Tax	-1197	-2374	Down	49.58%
Non recurring events equity method investment activity net of tax	9	-14	Down	164.29%
<b>Net Income</b>	<b>10073</b>	<b>11588</b>	<b>Up</b>	<b>15.04%</b>

## Balance sheet

<b>Balance Sheet</b>				
<b>Assets</b>				
Cash and short term investments cash/cash equivalents + market securities	41250	55021	Up	33.38%
Accounts receivable	16677	20816	Up	24.82%
Inventory	17174	20497	Up	19.35%
Other current assets	0	0	N/A	
Total current assets	75101	96334	Up	28.27%
Property plant and equipment	61797	72705	Up	17.65%
Goodwill	14548	14754	Up	1.42%
Intangibles	0	0	N/A	
Other long term assets	11202	16314	Up	45.63%
Total assets	162648	225248	Up	38.49%
<b>Liabilities</b>				
Accounts payable	38192	47183	Up	23.54%
Other current liability- accrued expenses and other + unearned revenue	30199	40629	Up	34.54%
Total current liability	68391	87812	Up	28.40%
Long term debt	23495	23414	Down	0.34%
Other long term liabilities	27213	51962	Up	90.95%
Total liabilities	119099	163188	Up	37.02%
<b>Equity</b>				
Common stock	5	5	Down	0.00%
Retained earnings	19625	31220	Up	59.08%
Treasury stock	-1837	-1837	Down	0.00%
Additional paid in capital	26791	33658	Up	25.63%
Accumulated other comprehensive loss	-1035	-986	Up	-4.73%
Paid in capital and other	25756	32672	Up	26.85%
Total equity	43549	62060	Up	42.51%
Total liabilities and equity	162648	225248	Up	38.49%

### Financial comparison chart

	Amazon	Alibaba	Walmart
Sales	\$ 280,522.00	\$ 384,000.00	\$ 514,405.00
Market Capitalization	\$1.59 T	\$ 5.69 M	\$ 278,000.00
Net Income to Sales	\$ 115,900.00	\$ 13,918.00	\$ 510,329.00
Debt to Assets	73.22%	21.52%	60.37%
ROA	5.15%	0.97%	5.20%

CPM

Enter 12 Factors Below		Weight	Amazon	Walmart	Alibaba
Product Variety	0.2	4	3	3	
Price Competitiveness	0.14	4	2	2	
Customer Service	0.1	3	1	2	
Product Quality	0.09	4	2	3	
Customer Loyalty	0.05	2	2	3	
Order shipping time	0.1	3	2	2	
Financial Profit	0.02	4	4	4	
International Market Penetration	0.02	3	3	4	
Market Share	0.05	3	4	4	
Email marketing campaigns/follow ups	0.04	4	2	3	
Brand	0.09	4	4	3	
Ease of Checkout	0.1	4	3	2	
<b>View CPM</b>		<b>1.00</b>			

Critical Success Factors	Weight	Amazon		Walmart		Alibaba	
		Rating	Score	Rating	Score	Rating	Score
Product Variety	0.20	4	0.80	3	0.60	3	0.60
Price Competitiveness	0.14	4	0.56	2	0.28	2	0.28
Customer Service	0.10	3	0.30	1	0.10	2	0.20
Product Quality	0.09	4	0.36	2	0.18	3	0.27
Customer Loyalty	0.05	2	0.10	2	0.10	3	0.15
Order shipping time	0.10	3	0.30	2	0.20	2	0.20
Financial Profit	0.02	4	0.08	4	0.08	4	0.08
International Market Penetration	0.02	3	0.06	3	0.06	4	0.08
Market Share	0.05	3	0.15	4	0.20	4	0.20
Email marketing	0.04	4	0.16	2	0.08	3	0.12
Brand	0.09	4	0.36	4	0.36	3	0.27
Ease of Checkout	0.10	4	0.40	3	0.30	2	0.20
<b>Totals</b>	<b>1.00</b>		<b>3.63</b>		<b>2.54</b>		<b>2.65</b>

IFE

Strengths		Weight	Rating	Weighted Score
1	Customer Loyalty	0.11	4	0.44
2	Competitive Product and Service Pricing	0.10	4	0.40
3	Brand Valuation is #1 in the World at \$415.9 Billion (06/03/2020 Valuation)	0.10	4	0.40
4	Diverse Business Products/Services	0.09	3	0.27
5	Cost Leadership: Amazon Uses Advanced Computing and Networking Technologies	0.08	2	0.16
6	Technology Innovation	0.03	1	0.03
7	Efficient Logistics and Distribution	0.03	4	0.12
8	GLOCAL strategy "Go global & act local"	0.03	2	0.06
9	Acquisitions	0.02	4	0.08
10	High Minimum Wage for employees	0.01	2	0.02
Weaknesses		Weight	Rating	Weighted Score
1	Margins Shrinking	0.11	4	0.44
2	Tax Avoidance has Caused Brand Damage	0.10	3	0.30
3	Product Failures	0.05	3	0.15
4	Product Quality from International sellers (China Specifically)	0.03	2	0.06
5	Warehouse Attrition Rate	0.02	2	0.04
6	Loss of Profits in Markets Such as India	0.02	2	0.04
7	Workplace conditions	0.02	2	0.04
8	Anti-Trust Charges in European Union	0.02	3	0.06
9	Employee Strikes	0.02	3	0.06
10	No Brick and Mortar Presence	0.01	1	0.01
<b>Total IFE Score</b>		<b>1.00</b>		<b>3.18</b>

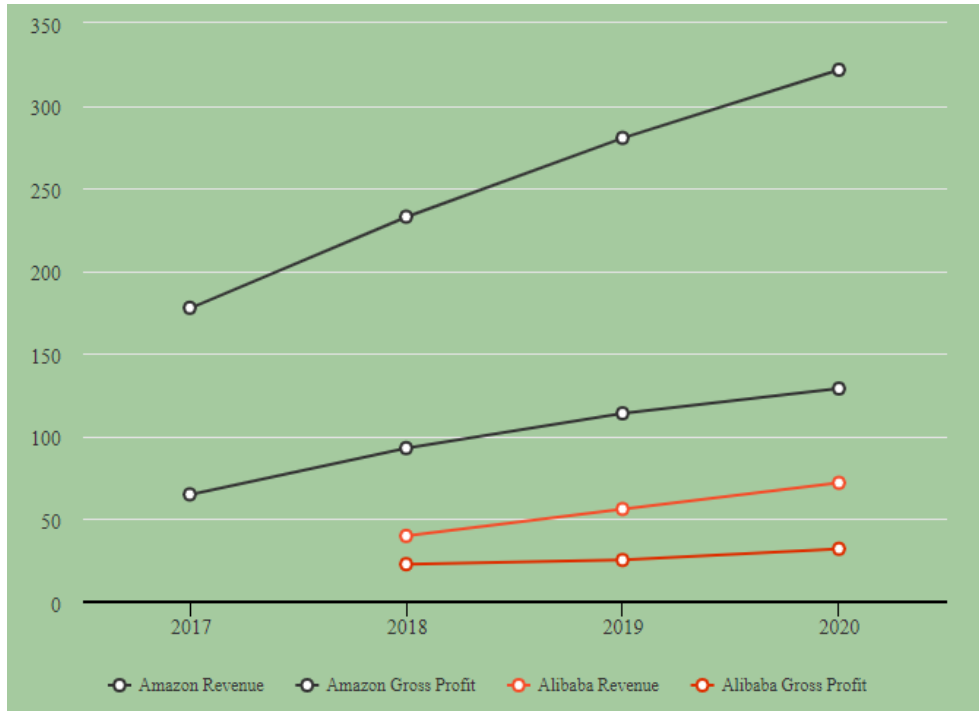
## EFE

Opportunities		Weight	Rating	Weighted Score
1	Expansion into a New Market	0.10	3	0.3
2	Sudden Need for Products due to a Pandemic	0.10	4	0.4
3	Acquisitions of Companies	0.07	4	0.28
4	Backwards integration: Focus on growing private brands	0.06	3	0.18
5	New partnerships	0.06	2	0.12
6	Develop Distribution Company	0.05	4	0.2
7	Global Expansion	0.03	2	0.06
8	Expanding to physical stores or pick up centers	0.03	2	0.06
9	Grocery Market	0.01	2	0.02
10	Environmentally focused	0.01	1	0.01

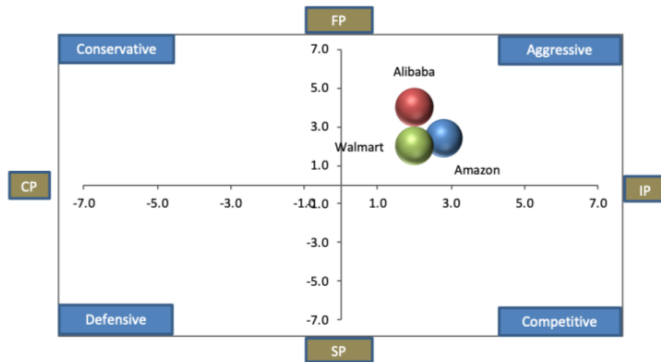
Threats		Weight	Rating	Weighted Score
1	Cybersecurity Breach	0.10	4	0.40
2	Imitation of Business Model	0.08	3	0.24
3	Government Regulation	0.06	3	0.18
4	Competitive Pricing	0.06	3	0.18
5	Managerial Bandwidth	0.04	2	0.08
6	Competition in the Global Market	0.04	3	0.12
7	Seasonal Products Create Shifting Revenues	0.03	2	0.06
8	Lawsuits from Competitors	0.03	2	0.06
9	Competition from Local Companies	0.02	2	0.04
10	Political Contrasts Between the US and Other Countries	0.02	3	0.06
<b>Total EFE Score</b>		<b>1.00</b>		<b>3.05</b>

## Revenue Graph





### SPACE Matrix

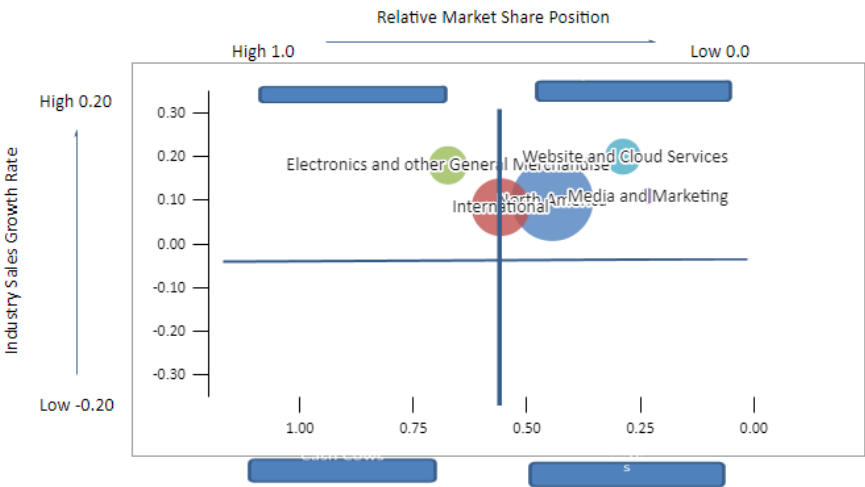


	Amazon	Alibaba	Walmart
X Axis	2.8	2.0	2.0
Y Axis	2.4	4.0	2.0

<i>Internal Analysis:</i>		<i>External Analysis:</i>	
<b>Financial Position (FP)</b>		<b>Stability Position (SP)</b>	
Current Ratio	5	Rate of Inflation	-2
Debt to Equity	5	Technological Changes	-1
Net Income	5	Price Elasticity of Demand	-2
Revenue	6	Competitive Pressure	-5
Inventory Turnover	5	Barriers to Entry into Market	-4
<b>Financial Position (FP) Average</b>	<b>5.2</b>	<b>Stability Position (SP) Average</b>	<b>-2.8</b>

<i>Internal Analysis:</i>		<i>External Analysis:</i>	
<b>Competitive Position (CP)</b>		<b>Industry Position (IP)</b>	
Market Share	-2	Growth Potential	6
Product Quality	-2	Financial Stability	5
Customer Loyalty	-2	Ease of Entry into Market	3
Variety of Products Offered	-1	Resource Utilization	4
Control over Suppliers and Distributors	-3	Profit Potential	6
<b>Competitive Position (CP) Average</b>	<b>-2.0</b>	<b>Industry Position (IP) Average</b>	<b>4.8</b>

### BCG Matrix



Division	Your Firm's Division Revenues	Top Firm in Industry Division Revenues	Industry Sales Growth Rate	Relative Market Share Position
North America	\$141,366	\$318,477	0.10	0.44
International	\$65,866	\$118,068	0.08	0.56
Electronics and other General Merchandise	\$28,840	\$42,800	0.18	0.67
Media and Marketing	\$13,810	\$59,216	0.11	0.23
Website and Cloud Services	\$25,655	\$89,000	0.20	0.29

### QSPM Matrix

		Strategy 1		Strategy 2	
Strengths	Weight	AS	TAS	AS	TAS
1 Customer Loyalty	0.11	4	0.44	3	0.33
2 Brand Valuation is #1 in the World at \$415.9 Billion (06/03/2020 Valuation)	0.10	2	0.20	1	0.10
3 Competitive Product and Service Pricing	0.10	4	0.40	3	0.30
4 Diverse Business Products/Services	0.09	4	0.36	1	0.09
5 Cost Leadership: Amazon Uses Advanced Computing and Networking Technologies	0.08	4	0.32	3	0.24
6 Technology Innovation	0.03	2	0.06	3	0.09
7 Efficient Logistics and Distribution	0.03	3	0.09	4	0.12
8 GLOCAL strategy "Go global & act local"	0.03	0	0.00	0	0.00
9 Acquisitions	0.02	3	0.06	2	0.04
10 High Minimum Wage for employees	0.01	0	0.00	0	0.00

		Strategy 1		Strategy 2	
Weaknesses	Weight	AS	TAS	AS	TAS
1 Margins Shrinking	0.11	3	0.33	4	0.44
2 Tax Avoidance has Caused Brand Damage	0.10	0	0.00	0	0.00
3 Product Failures	0.05	2	0.10	0	0.00
4 Product Quality from International sellers (China Specifically)	0.03	0	0.00	0	0.00
5 Warehouse Attrition Rate	0.02	0	0.00	0	0.00
6 Loss of Profits in Markets Such as India	0.02	0	0.00	0	0.00
7 Workplace conditions	0.02	0	0.00	0	0.00
8 Anti-Trust Charges in European Union	0.02	0	0.00	0	0.00
9 Employee Strikes	0.02	0	0.00	0	0.00
10 No Brick and Mortar Presence	0.01	2	0.02	1	0.01

		Strategy 1		Strategy 2	
Opportunities	Weight	AS	TAS	AS	TAS
1 Expansion into a New Market	0.10	4	0.40	3	0.30
2 Sudden Need for Products due to a Pandemic	0.10	2	0.20	4	0.40
3 Acquisitions of Companies	0.07	3	0.21	1	0.07
4 Backwards integration: Focus on growing private brands	0.06	4	0.24	1	0.06
5 New partnerships	0.06	2	0.12	3	0.18
6 Develop Distribution Company	0.05	3	0.15	4	0.20
7 Global Expansion	0.03	4	0.12	3	0.09
8 Expanding to physical stores or pick up centers	0.03	2	0.06	3	0.09
9 Grocery Market	0.01	1	0.01	4	0.04
10 Environmentally focused	0.01	0	0.00	0	0.00

		Strategy 1		Strategy 2	
Threats	Weight	AS	TAS	AS	TAS
1 Cybersecurity Breach	0.10	0	0.00	0	0.00
2 Imitation of Business Model	0.08	2	0.16	3	0.24
3 Government Regulation	0.06	0	0.00	0	0.00
4 Competitive Pricing	0.06	3	0.18	4	0.24
5 Managerial Bandwidth	0.04	0	0.00	0	0.00
6 Competition in the Global Market	0.04	4	0.16	2	0.08
7 Seasonal Products Create Shifting Revenues	0.03	2	0.06	0	0.00
8 Lawsuits from Competitors	0.03	3	0.09	0	0.00
9 Competition from Local Companies	0.02	3	0.06	4	0.08
10 Political Contrasts Between the US and Other Countries	0.02	0	0.00	0	0.00
<b>TOTALS</b>			<b>4.60</b>		<b>2.70</b>