

FINAL EXAM: RESUME OF AMAZON CASE

1. List 3 resources and 3 capabilities of Amazon (separated by commas).**Resources**

Warehouses, Own aircraft, Headquarter, Robots for Logistics.

Capabilities

Brand (Amazon), Management of data, develop customer loyalty through offering the best consumer experience

2. List 3 barriers to entry to the online retailing industry (separated by commas).

The investment required in warehousing, distribution, marketing, making user-friendly websites, customer service, logistics and more is costly. In fact, only big companies usually are the ones who succeed through their online stores. Even though these are companies which only compete in certain industries with Amazon, it would take an impossible amount of effort and investment to take face to face all Amazon.

Someone could argue that it is easy to start an ecommerce business, but it is difficult to reach a level which could be considered detrimental to Amazon. In fact, nowadays it is more typical to grow in online sales through Amazon and use the Website of the company created as a marketing tool rather than a store. One clear example is the star-up we are creating for the final project, which follows this idea.

This idea is implemented in most of the players who could be competitors of the American company because in order to compete in the industry they need to succeed in key areas like:

- **Switching costs:** Which are few, companies would need to build up a loyalty customer base which Amazon already has.
- **Economies of scale:** Unless the companies can reach scales close to what Amazon has, they will not be able to offer the advantages that Amazon provides taking advantage of this aspect.
- **Customer Loyalty:** This goes hand in hand with the previous two. As Amazon can provide services, especially on delivery and logistics, which are better than the competition and available thanks to the economies of the scale, they have build up a customer loyalty base which can be seen in some areas of the case like the Amazon Premium members, which reached 100 million.

3. What was the ultimate purpose of Amazon Associates and zShops? You can summarize it with a single word starting with T.

Trust

4. What is the ultimate purpose of Prime? You can summarize it with a single word starting with L.

Loyalty

5. Instead of buying robots, they bought a robot maker. Instead of using UPS, FedExor U.S. Postal Service, they planned to buy or lease aircrafts. What is the name of the strategy of skipping customers or suppliers and doing the job by yourselves?

Vertical Integration

6. Which competitive strategy do Amazon play (cost leadership vs. differentiation)? Reason for your answer.

Amazon uses cost leadership as its main strategy. All over the case we can see how one of the main objectives of the company is to increase the economy of scale as well as the efficiency of its operations in order to decrease the costs of the activity they provide. More specific examples are the robots it uses for logistics, networking and data collection in order to anticipate the future and use economies of scale in transportation to reduce costs.

7. What is today's main threat to Amazon? What is the implication of being "too big and powerful"?

Nowadays the main threat of Amazon are laws and politicians. Amazon is increasingly a recurrent theme talked in every congress and senate of developed countries. During the case we saw some people from both parties in the US criticize Amazon. The company is accused of using its power to push down prices and not pay taxes, leading to social cost and smaller companies go to bankruptcy. If this situation continues it will drive politicians into new restrict policies which will damage Amazon. One example being the "Tasa Google" implemented in Spain.

8. Explain the strategic reason why Amazon's net income was negative until 2003

Amazon's net income was negative due to prioritizing income and growth over profits, something similar to the strategic Whatsapp was using to become the biggest communication app in the world. As Amazon did this, it grew in clients and build a loyal relationship through Amazon Prime, however, profits did not come until 2003, when the focus changed.

9. Amazon Value Proposition

The value proposition of Amazon is to be an everything store. Amazon wants to become a customer focus store where you can find anything and buy it at the lowest price possible.

La value position de amazon es: Ofrecer a sus clientes una gran variedad de productos con un tiempo de disponibilidad bajo y de forma simple y económica, tanto en lo que concierne a música, libros, productos, contenido en streaming...

10. Cual es la estrategia de amazon

Las 6 estrategias de Amazon para mantener su liderazgo

Ofrecer a sus clientes servicio con valor añadido. Ofrecer algo que no puedan conseguir en ninguna otra parte. Por ejemplo, con los libros se les ofrecía una selección mucho mayor a la que pudiesen encontrar en una tienda física. De una manera útil, fácil de buscar y abierto 365 días 24h.

Su servicio Prime como base fundamental:

Su fundador y líder, Jeff Bezos, afirma que Prime tiene más de 100 millones de suscriptores, lo que lo convierte en el programa de lealtad más exitoso de todos los tiempos. Amazon Prime tiene un coste de 36 euros al año. Su principal beneficio es que tendrás envío en 24 horas gratuito para más de dos millones de productos etiquetados como Prime, sin requerir además una compra mínima. También incluye otros servicios como Amazon Prime Video, ofertas exclusivas "flash", "Prime Photos", "Kindle Prime", "Prime Music", etc., etc.

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Tecnología para pequeñas empresas:

Amazon aspira a dominar servicios como la robótica de almacenes, logística, infraestructura tecnológica y pago sin efectivo. Amazon ofrece "Launchpad", un servicio diseñado específicamente para la pequeña empresa. Está diseñado para potenciar a los emprendedores y ayudar a las startups, llevando a cabo la gestión del inventario de productos, el envío de los pedidos y el servicio al cliente, lo que les permite enfocar sus esfuerzos en la innovación. Más de 10.000 empresas españolas están vendiendo en Amazon y un tercio de ellas exportan sus productos en Europa y en todo el mundo, superando los 250 millones de euros en ventas internacionales.

Entrega a domicilio y logística de la cadena de suministro:

Amazon busca constantemente formas de integrar la tecnología en la logística de terceros (3PL) y con las empresas de transporte. Esto está ejerciendo una tremenda presión en las cadenas de suministro de todo el sector, estableciendo las más altas expectativas en la mente del consumidor. Como ejemplo tenemos las entregas inmediatas o en domingo. Las tiendas de Amazon Go son sus cocinas de prueba para las tiendas del futuro, maximizan todos los valores de la proximidad, a la vez que un servicio sin fricciones.

Inteligencia artificial:

Alexa ofrece un acceso sin igual a la compra con una simple orden verbal. Además, comprueba los eventos de tu calendario, busca recetas, controla la televisión, regula la luz o la temperatura de una habitación o pone la música más acorde para el momento. Este asistente cuenta con 50.000 habilidades. Para desarrollar este dispositivo y llevar a cabo otros proyectos basados en inteligencia artificial, Amazon cuenta con 25 centros de desarrollo solo en Europa en los que trabajan unas 5.500 personas que incluyen desde científicos especializados en machine learning, hasta expertos en robótica e ingenieros de software, hardware y aeroespaciales. Perfiles que difieren mucho del que busca normalmente un tendero tradicional.

Amazon en el mundo de la salud:

Dado la importancia del sector y su continuo crecimiento, Amazon ha empezado a invertir en el mundo farmacéutico y en la atención médica on line, todo ello con la intención final de convertirse en un operador clave en el mundo de la salud. Sus últimos avances han sido unir fuerzas con algunos distribuidores de dispositivos médicos.

Expansión geográfica:

Sus ventas internacionales hoy representan el 40% del total. Inicialmente su expansión se centró en Europa, un mercado parecido al americano, pero hoy sus esfuerzos están en mercados emergentes como Asia y Medio Oriente. Amazon se enfoca en la globalización de su marca Marketplace y va a invertir miles de millones de dólares durante la próxima década para llevar su modelo de precios bajos, amplia selección y entrega rápida a los mercados clave. India, Australia y Singapur se están convirtiendo en campos de batalla para Amazon.

11. Quins són els aspectes mes rellevants grafic 6b y 7

En el grafico 6b vemos como la cuota de mercado de amazon ha aumentado exponencialmente pasando de un 12% hasta un 52% la única marca que ha aumentado tanto de hecho podríamos decir que en la actualidad amazon posee el monopolio del retailing en USA.

En el grafico 7 observamos la multiple presencia mundial de amazon en más de 25 países y en muchos de ellos siendo líder del sector de retail online. Posee el 25% de la cuota de mercado mundial.

12. Quina es la conclusio

Amazon ha conseguido dominar en 2018 a sus competidores y da la impresión de que nadie podrá ralentizarles. A pesar de las crecientes críticas la compañía es extremadamente popular y querida entre los consumidores gracias a un servicio rápido eficiente y siempre consiguiendo el mejor precio del mercado. El único deber que debe afrontar Amazon son la leyes y regulaciones de impuestos en USA y exteriores. Además de la elección presidencial generara un significativo impacto en esta compañía.

13. Industries quw xompeteixen amb amazon

Marcas amazon	Marcas competencia
Prime video	Netflix, hbo, apple tv...
Kindle	Iphone
Amazon fire tv	Google Chromecast, roku
Alexa	Google home
Amazon music	Spotify
Amazon photos	Google photos, icloud
Table fire	e-book

1. How do you create disruptive innovation?

A disruptive innovation is a creation which irrups into a market differentiation from other products or services making it unique. You can do this with two different ways:

- **Innovation that hasn't been seen:** Apple is known by these innovations. What it does is adding and improving features to create a brand new product, attracting and creating a new market through this innovation.
- **Innovation through simplifying the product:** Nokia is known for this. Instead of going for the resource and development of a product, what it does is focusing in a low end market which is looking for a more simplistic product or service. Nokia does this by keeping the phones as they used to be, so elderly people and non-developed countries are kept in contact with this market without complicating the product and by not having as much costs.

2. How would you create a blue ocean?

Depending on the industry, but mostly as Nintendo did, focusing on the necessity of a market which wasn't seen as potential clients and introducing them into the market through the products I could create. One clear example is what Nintendo did with girls, creating a girl-friendly console that could attract this market, the console was named Nintendo DS. They just looked at the market in another way, not the necessities of the clients already in the market, instead the necessities of outsiders which could be clients with the right product.

3. What are the pro and the con of targeting a niche market?

A niche market is a small market which is formed by clients with similar characteristics and specifications but overall, they are few in numbers. This market requires a lot of attention to detail and focus on accomplishing the requirements of the client, so basically adjusting the product exactly to what the client needs, it cannot be generalistics product.

However, these markets provide a base of loyal clients which purchase regularly products and services of the company that provides the solution for their needs. Also, usually they are more willing to pay a higher price for these solutions. At last, the industry provides a industry which has low competition as it is usually characterized for the low amount of clients and loyalty of these, builds a barrier for an entry of any competitor. Also the low amount of clients makes it difficult to be attractive for other companies to enter the market.

4. Rivalry is low, bargaining power of buyers and suppliers is low, there are no substitutes, and barriers to entry are also low. Is it an attractive industry? Reason your answer.

It is a really attractive industry.

At first the low rivalry can allow you to position yourself as the leader of the industry and grow rapidly. As for the low bargaining power of buyers and suppliers can allow your company to establish prices in both ways, establishing margins however it desires allowing for the company to gain more power and grow even faster.

The omission of substitutes allows the company to be secure and not worry about the switching costs to other products. This was one of the main problems of Amazon, which had to focus a lot on the consumer experience as the switching costs to other platforms were high.

As for the low barriers of entry need to be low when you are entering, however, being a company that is already in the industry it is better if the barriers are high. However, with these conditions I believe the barriers could be made through fast positioning.

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So in the end this industry could be attractive for a company which is looking for potential industries to enter and change the conditions mentioned, but in general it would not really be an industry attractive for most of the companies, and that might be the reason for the low rivalry.

Lu:

5. Are price agreements possible when the competitive strategy is cost leadership? If so, give an example.

It is possible. In an industry, the main competitive strategy of the business could be being cost leaders in the processes they develop. However, if price agreements are done it might be better for all the industry, as the margins would maintain or increase following the innovation trend, avoiding an inevitable price war that would harm all the players in the end.

A cluster of industries like the transportation that we found out was still developing the costs by kilometer between each company. They still established prices and shared the contracts, however, the margins were the main responsibilities of the managers in the different companies, always trying to reach lower costs which could improve the benefits of the company.

6. Are price wars possible when the competitive strategy is differentiation? If so, give an example.

However, when the competitive strategy is differentiation, a price war is not possible. Clearly, if a company wants to lead through differentiation they will provide a solution much different than the rest of its competitors. This differentiation will either attract a client which looks for the quality rather than the price. On the other side, the differentiation will probably add value to the product, improving the willingness to pay, which is actually what we are looking for as a company. The higher the willingness to pay is, the higher the price can be established (which always has to be lower than this willingness to pay).

7. Why do we say that there is no rivalry when the industry is growing?

There is no rivalry when the industry is growing because each company can grow itself without having to “steal” clients from other companies. So, basically there is enough market not exploited for the companies to grow only from them.

8. What is the difference between a cluster and a cartel?

The difference is that while a cartel companies which should be rivals, agree on terms of **prices, quantities, commercial terms, market-sharing of customers and market-sharing of geographical areas**. Instead a cluster is a concentration in a geographical area of these companies which are rivals in the same industry, without collaborating between them in any of the aspects mentioned above.

9. What is the ultimate purpose of price wars?

Alberto:

The ultimate purpose of price wars is to lower the prices to a level that cannot be affordable for the competitors of the industry, so you **eliminate** them. A clear example is what happened to Airborne Express, which was wiped out of the industry after a price war between the players of the industry.

10. Why do we say that KSF refers to an industry and not a particular company in the industry?

A KSF refers to an industry because always, when we have studied the different cases we have read we could see similarities between the companies competing. All of them accomplish better or worse the Key success factors, meaning that if you reach them, a company will have success or a place in the industry. A clear example is the car industry, which is ruled by low process costs, something that is followed by any company in the market (conventional cars), which makes it a success factor. Without these factors, it is impossible for a company to have a place in the market.

11. Mention types of rivalry apart from rivalry on prices.

- Rivalry on costs.
- Rivalry on innovation.
- Rivalry on differentiation
- Rivalry on quality.

12. What is the difference between a monopoly and a blue ocean?

The difference between a monopoly and a blue ocean is the possibility of new incorporations and the creation of a competitive market. While a monopoly is ruled by only one company which establishes the prices, the cost of its providers and controls all the entries in the market through establishing barriers and price wars when needed, being the only possible player to succeed if any war is started, not allowing for other players to grow. A blue ocean is a differentiation made by a player of an industry which creates a new market without competitors, but which other players are able to enter in the new market. In a blue ocean the player which created it has no power to ban others from growing or entering the market, while a monopoly does.

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Mission, Vision, Values and Goals.

1. Mission

Amazon is guided by four principles:

- Customer obsession rather than competitor focus
- Passion for invention
- Commitment to operational excellence
- Long-term thinking.

2. Vision

We aim to be Earth's most **customer centric company**. Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, and empower businesses and content creators to maximize their success.

3. Values

- **Customer Obsession:** You can see it with the commodity and comfort Amazon provides to all their customers, like one-day ship delivery.
- **Ownership:** All over the case every-time the company wants to enter a new industry they follow the same pattern: 1. Third-parties, Acquire a major competitor, become the biggest player.
- **Invent and Simplify:** On the different Exhibits the case provides us we can see the evolution of the R&D expense, which hardly never goes down. A more specific example is the creation of Alexa, which is aimed to easy the life of each customer.
- **Learn and Be Curious:** Amazon does that by entering in every market and adapting to the new necessities the people have. It is surprising how they are always ahead of their time with services like Amazon Prime and Amazon Video, allowing them to compete in every market they enter by just reaching it first and building them a customer base before other competitors.
- **Hire the Best:** Amazon does attract the most talented by just being the company it is. However, I hardly doubt they do their very best to maintain that talented. During the case they do not specify almost any policy to keep the talent. Instead they specifically explain how bad employees they are and how bad they treat their employees.
- **The Highest Standards:** It is true they provide the best products to all the customers. They do this by strictly providing those goods which are profitable.
- **Think Big:** Just by looking at the acquisitions the company does when it enters every market you can see how they always want to be the biggest player. Also, it seems like they do not have a stop in entering different industries.
- **Bias for Action:** Amazon is not afraid on taking risk, and I do have to recognize this is one of the thing which made it successful. A clear example is on entering markets like hardware, while competing with companies like Microsoft.
- **Earn Trust:** They earn the trust of their customers by providing them a way to solve any problems they could have by using Amazon. Some of these solutions are the call centers or the refunds.
- **Deliver Results:** Amazon is always on time. In the case it is mention how they delivered 99% of the request on time during a year, a figure which is recurrent all over years. This is another reason of how Amazon gains the loyalty of their customers.

4. Goals

- **Increase the Inventory Turnover:** As the company kept growing, the inventory turnover kept falling ought to the new industries Amazon entered and the different acquires it did. However, with the utilization of data, Amazon want to be more specific on the habits and products the customers of designated areas want. By doing so, Amazon want to have the product close to the potential customer, so it increases its satisfaction as well as the turnover by creating a quick circle: inventory, request, delivery, sell.
- **Launch in other countries the tested new concepts:** Some of these are the **Amazon Go**, which has no employers, **Amazon 4-Star and Pop-up Stores**, stores with only 4 or higher rating items, **Amazon Prime**, Increasing its user base as it is demonstrated they consume more as well as they lead to other advantages which increase even more the consumption.
- **Test the finance services:** All over the news and not only in the case Amazon is been considering the launch of new financing services which could boost the purchase of items through credit with cards created by Amazon. In the case we have seen a hint of these services with reliable customers with a small risk by having a short credit history.

PESTLE Analysis.

1. Political:

I believe this is the factor which could affect the most to the company. As it has been well documented in the case, Amazon does not pay the tax it should, and it does not treat well its employees as well as the suppliers.

When talking about the taxes, an increase in this matter is on the line. With the new US president Joe Biden and the new taxes some Europe nation made like Spain with the "Tasa Google" Amazon is going to have to pay more. Even Trump, a fierce defender of the low tax rates has claimed Amazon does not pay their taxes and claims it will take the needed measures in order for them to pay.

Secondly, control on the data Amazon and other technological companies is being regulated in the US as well as Europe. After some scandals like Cambridge data these countries have regulated the amount of information companies can subtract from the users that enter their website. This could be a huge bang on the business model of Amazon, which clearly uses this data to adapt in a better way to the necessities that a potential customer could have or has.

At last, politicians are raising their voice on the poor conditions Amazon puts their employees when they are working. This not only damages the image of the company, it also drives the agitators into designing new measures which could be seen in the case, like raising the minimum wage Amazon provides or the measures Elizabeth Warren established in its homeland.

2. Economical

The crisis which is isolating the world has had a bad effect in almost all the companies in the world. Amazon will probably see this effect through the decrease in the growth of Premium users. This claim comes from the idea that when people see their rent lowered usually, they cut the unnecessary consumption, one of them being premium when you can purchase almost the same items through a non-premium user.

However, also Amazon has a lot of reaction power through being able to provide low-cost products and services which are highly demanded during the pandemic. Amazon it is one of the basic services which can still be running during the lockdown, having the opportunity to become one of the main

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beneficiaries of part of someone's rent while having to stay at home. One clear example has been me and my fellow living companions, all of us starting or increasing our purchase in this company.

So, while this factor could be one source of a huge downside of the company, Amazon could find opportunities which could lead to an increase close to what it had at the beginning of the 2000's (while all the companies were dropping in value Amazon could reach a high).

3. Social and Legal

Amazon is gaining on enemies through society. At the moment it is not affecting the customer base, which is increasing its demand as it says on the case, on page 12: "Despite growing criticism, Amazon was popular with the customers. But it was clear that Amazon would continue to face scrutiny from lawmakers and regulators in the United States and abroad".

Clearly the sentence resumes my statement, society is not damaging the sales and demand the company has, it is even growing, however the growing trend of criticism is starting to get the attention of politicians and with that, the law enforcement which could damage the overall business model of the company or even wipe it out of the market. In the end, society reacts on how the company behaves through social costs. Some other examples are the tobacco companies, which are almost prohibited in Spain and other countries. The same could be happening to Amazon, which is only focusing on reaching the demands of the customers, while not seeing the overall picture which includes its employees, the social costs and the rules of the market. This situation repeatedly has happened to almost all big tech companies, and Amazon is about to experience one of its own. It better gets prepared and improve its public image or a door will be open to new competitors and really competitive industry.

4. Technological

Amazon has the necessary tools to improve its logistics and processes. In fact, one of the main reasons why the headquarters of the company was situated in Seattle is the technological cluster it has. Bezos wanted to build up a company with the brightest mind on this matter. Nowadays, it is true they may be a lack of technology which can improve the company, but this is ought to Amazon being the one with the latest technology. Making it an obligation for them to develop new technology so they can still improve.

To sum up, the company is well situated and has the perfect environment to develop itself through technology, but most of these improvements have to come from themselves.

5. Environmental

A growing trend for environmental responsibility has come to stay in the future of the market, the youngsters. Amazon, being a company which all their consumer base is people who are familiar with technologies, they need to take a look on this matter so it can sustain its growing tendency.

At the moment, Amazon is one of the images of the contrary. While other companies are trying their best to improve its processes into a cleaner environment, Amazon studies ways of being more agile, efficient and faster, without digging into possible costs. On my point of view, it is critical for the company that it starts to develop on this matter, if not this will be another problem to add on the social cost that it will probably have in the following years.

Stakeholders

1. Internal Stakeholders

The internal Stakeholders are formed by the employees (647.500 by the exhibit), CEO & and directors of the company and shareholders. While the last two categories are well treated and have a lot of strategic power in the company, the employees are getting affected through poor conditions offered by the biggest company in the world.

2. External Stakeholders

The external Stakeholders are formed by the society itself, with almost 197 million users each month, all its e-commerce competitors and partners like Microsoft, Nike, Apple TV..., and the representatives of the society which make some of the rules of the game, the politicians.

While the customer base it's the center of the company's existence and its main lead for any development, action or process, the partners and competitors are being crushed and pressured by the enormous bargaining power the e-commerce company is gaining on, not only in its starting industry, also in new ones as well. However, this might be taking a twist thanks to the last group mention, the politicians. As it has been explained before, some of the main processes of Amazon, like the data collected, might be in danger if the rules and laws are changed by these people.

Porter Analysis.

Firstly, the industry in which Amazon operates is attractive showing the figures it manages in the Exhibit 1. The company keeps growing at a pace none other is and entering more industries that any other of its competitor, however, the study shows how hard is to succeed in this industry without this fast pace.

1. Rivalry of Competitors.

The rivalry the industry has its between moderate and high. While Amazon is the one with the most sales, and bargaining power thanks to the customer base, it is true there are other players which are catching up or not getting behind.

The direct competitors are Walmart, Alibaba, eBay and others. We can state there are many competitors as it is clear that online commerce is profitable for most of the companies. Also, during the case, price wars are mention in several industries, showing how the rivalry is fierce. However, Amazon compensates and mitigates the damage of most of the rivalry through acquisition. During the script and specially in the exhibits, we can clearly see how Amazon is always acquiring one or the biggest player in each industry it enters. This policy obviously helps the company, which enters the different industry with an already build customer base and process.

At last, the main source of this rivalry is the low switching cost that the industry has. Any customer that buys through the internet can change from Amazon to one of the competitors in a blink of an eye and almost with no cost or with none.

2. Threat of New Entrants

The investment required in warehousing, distribution, marketing, making user-friendly website, customer service, logistics and more is costly. In fact, only big companies usually are the one's who succeed through their online stores. Even though, these are companies which only compete in certain industries with Amazon, it would take an impossible amount of effort and investment to take face to face all Amazon.

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This idea is implemented in most of the players who could be competitors of the American company because in order to compete in the industry they need to succeed in key areas like:

- **Switching costs:** Which are few, companies would need to build up a loyalty customer base which Amazon already has.
- **Economies of scale:** Unless the companies can reach scales close to what Amazon have, they will not be able to offer the advantages that Amazon provides taking advantage of this aspect.
- **Customer Loyalty:** This goes hand in hand with the previous two. As Amazon can provide services, specially on delivery and logistics, which are better than the competition and available thanks to the economies of the scale, they have build up a customer loyalty base which can be seen in some areas of the case like the Amazon Premium members, which reached 100 million.

3. Bargaining power of buyers

This area is completely owned by the buyers. They are the ones who have the power and that is the reason why Amazon focus so much on the customer. As the customers have small switching costs and is easy for them to compare with other platforms, Amazon needs to add value through prices, logistics and, on top of all, trust in the product they provide.

However, Amazon is competing on this through customer experience and services offered as well as products. Specially the premium clients, which repeatedly can be seen to have more advantages than a regular customer when it comes to Amazon. While a regular customer can buy most of the products that Amazon has, a premium member can receive what it buys much faster and have to its disposal services like Amazon TV.

However, the need Amazon has to keep improving and be ahead of the others comes from the situation that any of its customers can change to other platforms if the pace on research and development does not keep up.

4. Threat of Substitute

This threat is high ought to the low switching costs it has. While the customer loyalty base is growing thanks to the Amazon premium, most of the market keeps being non-premium. These customers change between one platform and the other depending mostly on prices. Who hasn't been to a store and afterward looks on Amazon and the store's website to see which one is cheaper, or has looked in Amazon only to buy it in the website because it was cheaper.

However, Amazon not only usually provides the same price or even lower compared to the brand's websites. The company stands out thanks to the logistics and trust it has with any customer. For example, with Amazon I know my package will arrive on time and, not only that, I can track it and I know it will be exactly what I ask for. This is something difficult to do, just comparing it with companies like Glovo and UberEATS, which their business model is based on logistics, it is more frequent that what you ask doesn't match with what you receive.

5. Bargaining Power of Suppliers

The suppliers have a low moderate bargaining power. They have some kind of power as Amazon, without them, it will not be functioning. However, as it has grown in size, Amazon started gaining on

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bargaining power to the point where it says that suppliers have to adjust to the conditions Amazon. In consequence, we can see how the case mentions the breakdown of a lot of these suppliers while compensating with the entrance of new ones. In fact, during the case, only Nike is a company which becomes a supplier with some bargaining power, and which is able to negotiate better terms with the giant tech.

Nonetheless, as someone who has studied Mercadona as its final project of this subject, I can see some similarities on how Amazon is behaving. Clearly, we can see how it uses acquisitions in order to grow in different industries, but it is more remarkable how Amazon, as well as Mercadona, is starting to create its own products which are turning the company from a distributor and online retail company, to a producer. A clear example is Amazon TV, which competes with Netflix and Disney instead of partnering with them.

With the power that the American company has it might be difficult for a supplier to confront it. I fear that Amazon, as it has been doing in several industries, develops its own product if it does not reach an agreement. This situation leaves companies like Nike with none other option to sign a deal that has the best conditions it can reach.

KSF, resources and capabilities

1. Key Success Factors

The industry has several key success factors:

- **Logistics:** The prices are very similar from platform to platform. However, the industry needs to develop a good logistic not only to be more efficient and reduce costs, mostly to reach the consumer with the product it has asked for and build up trust in the company.
- **Loyalty consumer base:** Through the all case there is two words which keep standing out, Amazon Prime. This loyalty consumer base add some switching costs through the lost of Amazon Prime if they want to change entirely to another platform as well as being customers who buy much more than the regular customers. In fact, Amazon did not become profitable until it reached a good base of these customers.
- **Resource and Development:** During the exhibits 1 the resource and development expenses keep increasing year after year. Being such a competitive industry Amazon needs to be always the head of the industry and lead the development of the sector as Apple leads the development of their iPhone.
- **Inventory turnover:** Even more industries and products enter the company, the inventory turnover stabilizes or even decreases in the final years available in the exhibits. This is such a key indicator of the industry that one of the things the new managers and the CEO did was get rid of those products which were not profitable and damaged the inventory turnover, and leave only those products which were profitable.
- **Customer Experience:** All over my writing and the case the customer facing repeats in the industry. As the company usually what it does its just offering products and distribute them to the customers, Amazon need that the experience these customers have when the ask for the product is excellent. If not, the switching cost, and the possibility of having those products in other platforms will make Amazon loose its customer base.

2. Resources

The resources Amazon has is all the logistics, warehouses, headquarters, aircraft companies. All the tools that make it possible for the company to reach the final consumer.

FINAL EXAM: RESUME OF AMAZON CASE

However, the resource I believe is the most important is the data Amazon has and collects so it adapts its logistics and improves the customer experience the most.

On the other side, the employees and robots the company has are also participating mostly in the logistics and new technology used in the company.

I would mention as core resources the brand "Amazon", the robots it uses for the logistics, which Amazon has been famous about it and has increased exponentially its efficient, the data collection it has and "Jeff Bezos", "Joseph Galli" as president, "Jarren Kesnon" as CEO and "Jeffery Wilker" as chief logistic staff.

3. Capabilities

Amazon has the capability of managing data in order to adapt to the demands that the customer have or could have in the future. Also, it has the capability of negotiating with the suppliers beneficial contracts as well as finding loops in the law and payment of taxes.

Nonetheless, Amazon most precious capability is the ability to build trust and make the best experience for the customer.