

CRITICAL ANALYSIS OF OPERATIONAL STRATEGIES USE BY AMAZON IN INDIA

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Introduction

Amazon is an American international e-commerce company. It was started by Jeffrey P. Bezos in the year 1994. And it was launched in India in June 2013. Three years back, Amazon had no infrastructure in India, and now it

dominates the Indian markets. At the very start it was perception of investors that in India it will not go long like China as in the year 2004 when Amazon entered in China it hasn't seen much success there with Alibaba, its Chinese competitor, dominating the e-commerce market. After its bad run in China, Bezos is going all in for India. Fact behind formation of Amazon in India was its huge number of headcounts i.e. 1.25 billion four times as big as the U.S.'s and more than doubles Europe's. Of these, 500 million, around 35 percent, are internet users. As per

researches the yearly growth rate of internet users is highest in India around six million users join every month. Researchers expect the online shopping market in India to reach \$15 billion by 2016 up from only \$35

million in 2014. Platform-based markets have become increasingly prevalent, and comprise a large and rapidly growing share of today's economy (e.g., Eisenmann 2007). Such markets are often described as multi-sided because multiple groups of participants—such as consumers and complementors—need to gain access to the same platform to interact with each other, and a platform's success depends on its ability to bring them on board (e.g., Rochet and Tirole 2003; Parker and Van Alstyne 2005).

Critical Analysis operational Strategies of Amazon in India

Amazon was founded in 1994, and since 1995, the company has set out 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.”

Surely, selling things was going to be a problem for the young entrepreneur, but somehow he managed to find low-cost products that could be easily sold on the web.

With the financial help of \$245,573 from his parents, Bezos started Amazon in his garage. Fortunately, now their investment is almost worth \$30 billion – a 12,000,000% ROI.

In 1997, three years after its launch and post-IPO, Amazon's estimated worth was \$438 Million. The startup gradually evolved into a multinational corporation and now is worth a marvelous \$1.6 Trillion. The E-commerce giant is the second US Company to cross a trillion-dollar valuation after Apple when its stock price reached an all-time high (\$2050.50) on September 4, 2018.

Internet was surely a huge part of Amazon's growth but technological innovation, marketing strategy, and most importantly its business model is what makes Amazon the most innovative company of the current era.

Amazon has grown significantly since its inception as a book-selling website and spread its wings to other areas like logistics, consumer technology, cloud computing, and most recently, media and entertainment – domains that did and would help Amazon tread the path to emerge as a trillion-dollar corporation.

This Amazon business strategy study compiles the ideas, innovations, technological research, partnerships, and most importantly the strategies that are responsible for growing Amazon to such heights. Besides, you will also find their sales numbers in every segment and a brief summary of their stock prices for the past few years.

Mentioned here are the Strategies that Amazon has used over the years and benefited from. But wouldn't this information have been immensely helpful to Amazon's competitors a few years prior? Turns out they could have known Amazon's moves beforehand.

Amazon recently acquired Zoox but one could have foreseen this decision had they been closely following the trail of patents that Amazon had created. One can find numerous patents on autonomous logistics in Amazon's Portfolio.

It has been forecasted that this recent acquisition can heavily affect companies in logistics, ride-hailing, and food delivery domains. Amazon's patent portfolio held a tell-tale sign of its interest in these domains. Possessing this information prior to Amazon's acquisition could have saved these companies from this now-present threat looming over their businesses.

If you wish to know about Amazon's future plans and strategize your business moves accordingly then going through Amazon's patent portfolio is quintessential.

Fill out the form below to know which areas Amazon has been showering its attention on, the tech areas in which Amazon is working, which countries they are securing their IP in, and their acquisitions in various nodes in the form of an interactive dashboard.

Abstract

This study include a research on amazon key factors

Why is Amazon so successful? What is Amazon's business promotion strategy? A SWOT analysisWhat are Amazon's strengths?What are Amazon's weaknesses?What are opportunities for Amazon?What are threats to Amazon?What is Amazon's markup strategy?What is Amazon's positioning strategy?

Amazon operation strategies

Today is the era of E-Commerce. Almost every other individual is by some way or the other connected with the online business hubs. One

thing to be noticed here is that the products available in these stores are being manufactured in different parts of the globe and subsequently are being

supplied in different parts of the world. This network of effective procurement of products and distribution worldwide is basically called Supply Chain

Management (SCM). This paper is an attempt to highlight the pivotal role SCM plays in any E-commerce retailing activity and also depict the way in

which Amazon.com proper utilized this concept for its grand success ever since its inception and act as a market ruler. The data collected for the paper

is basically secondary in nature which is taken from various sources, records, databases and research journals.

It is expected that this paper would help

to unleash the very significance of SCM in case of online retailing for effective performance in this cut throat competition era.

Purpose

A spurt in the usage of additive manufacturing (AM) is observed in industrial applications to produce final parts along with rapid prototyping and rapid tooling. Despite the potential benefits of on-demand and on-location production of customised or complex shape parts, widespread implementation of this disruptive production technology is not yet visible. The purpose of this paper is to examine the various barriers to implement AM in the Indian automotive sector and analyse interrelations among them.

Design

Based on the extant literature and discussions with industry experts, ten major barriers are identified. The authors use a modified Fuzzy interpretive structural modelling (Fuzzy-ISM) method to derive strengths of relationships among these barriers, develop hierarchical levels, and thereafter group and rank these barriers. ISM diagraph is developed to demonstrate how the barriers drive one another. Production technology capabilities and government support emerge as the most critical factors, with high driving power and medium dependence.

While identified barriers may be similar across the automotive industry, generalisation of results for interrelationships and ranks in other industries may be limited

The findings may be useful to managers to develop suitable mitigation strategies, and take more informed decisions, with individual focus, level focus or cluster focus.

Social implications

Findings clearly establish that the role of management and government is crucial in mitigating workers' resistance to AM implementation. This paper contributes to AM literature by the structured presentation of the barriers to implement AM in the Indian automotive sector. It also extends the Fuzzy-ISM method by presenting calculation of indirect relations using the appropriate max-product composition and in ranking the barriers.

Need for the Study

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 5 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.

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 Amazons 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.

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

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



Literature review

<u>Source</u>	<u>Finding</u>
<p>Samrat Bharadwaj</p> <p>Key Words: Supply Chain Management, Online Retailing, Inventory, e-tailing, e-commerce, m-commerce, cyberspace</p>	<p>Cohen, 2002 in his study analyses how different companies use supply chains to support their after-sales service operations. The author opines that supply chains must be designed with the utmost care and research and not just in the air. It should be done by analysing the basic products and their cost to the consumer. The paper also highlights the fact that the choice of location plays a dominant role when it comes to stocking the products for uniform supply</p>
<p><u>Neetu Yadav Ph.D.</u></p> <p><u>Mahim Sagar</u></p> <p>Key Words: Over the past two decades, rising internet and smartphone usage have revolutionized business and shopping</p>	<p>customers. E-commerce or electronic commerce deals with the buying and selling of goods and services over an electronic platform, mainly through the internet. The Indian e-commerce market is expected to grow ten-fold to reach \$100 billion in 2020 with support from the increasing reach of internet, smartphones and spread of a digital network in rural areas (KPMG, 2015). A KPMG report highlights that by 2017, India will have 350 million</p>

smartphones and it will create huge demand. According to Amitabh Kant, Secretary Department of Industrial Policy and Promotion (DIPP), “While e-commerce has mushroomed in India recently, by 2017 we would have 500 million Indians connected to the internet, and it will create huge business opportunity” (Economic Times, 2015). The e-commerce industry in India has shown promising growth with a 35 per cent Compound Annual Growth Rate (CAGR) since 2009 from \$3.8 billion to approximately \$12.6 billion in 2013 (PwC Report, 2014)

Amazon is an American e-commerce and cloud computing company with its headquarters in Seattle, Washington. It was founded in 1994 by Jeff Bezos as an online bookstore and later diversified to sell DVDs, CDs, MP3 downloads/streaming, audiobook downloads/streaming, electronics, apparel, furniture, food and jewelry. Amazon has its presence in many continents around the globe, like Asia, Europe, North America, Australia and South America. In 2015, it became the world’s biggest online retailer by market capitalization surpassing Wal-Mart with a value of \$247.6 billion compared with Wal-Mart’s \$230.5 billion

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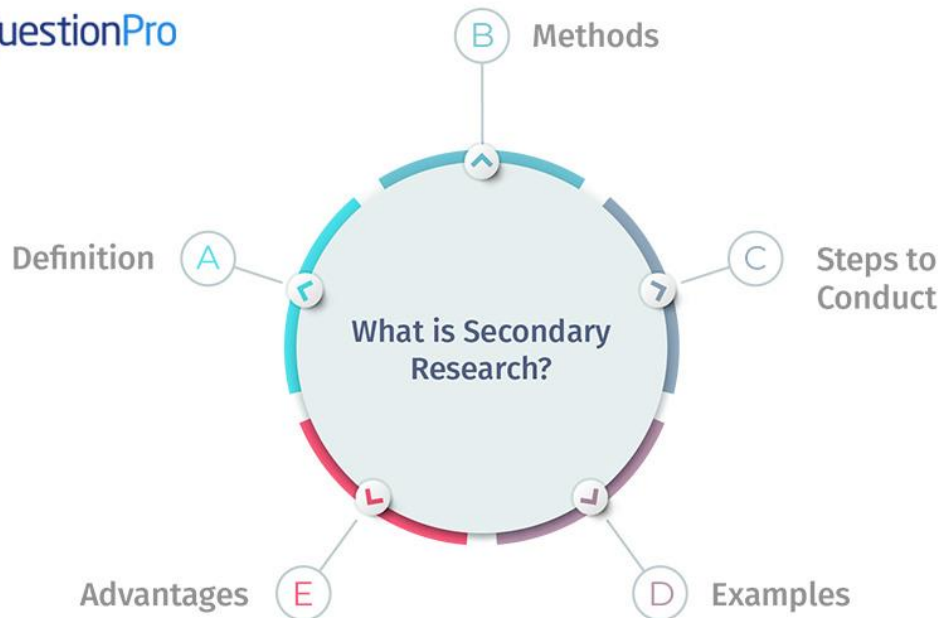
Amazon is an American e-commerce and cloud computing company with its headquarters in Seattle, Washington. It was founded in 1994 by Jeff Bezos as an online bookstore and later diversified to sell DVDs, CDs, MP3 downloads/streaming, audiobook downloads/streaming, electronics, apparel, furniture, food and jewelry. Amazon has its presence in many continents around the globe, like Asia, Europe, North America, Australia and South America. In 2015, it became the world's biggest online retailer by market capitalization surpassing Wal-Mart with a value of \$247.6 billion

	compared with WalMart's \$230.5 billion market capitalization
<p>Gourav_Dwivedi_Samir K._Srivastava_Rajiv K._Srivastava</p> <p>Keyword: 3D Printing Automotive sector Fuzzy interpretive structural modelling (fuzzy-ISM) Implementation barriers</p>	<p>ISM diagram is developed to demonstrate how the barriers drive one another. Production technology capabilities and government support emerge as the most critical factors, with high driving power and medium dependence.</p>
<p>Janelle H. Cheung, Deanna K. Burns, Robert R. Sinclair & Michael Sliter Journal of Business and Psychology</p> <p>Keywords: The ten methodological concerns are not presented in any particular order that indicates the importance or prevalence of each concern</p>	<p>Although MTurk samples can overcome some important validity concerns, there are other limitations researchers must consider in light of their research objectives. Researchers should carefully evaluate the appropriateness and quality of MTurk samples based on the different issues we discuss in our evaluation</p>

HermanAguinis Keywords: Research methods Experimentation Quantitative methods	A previous version of this manuscript was presented as a professional development workshop at the meetings of the Academy of Management, San Antonio, Texas, August 2011. We thank Michael Frese and two JournalofBusinessVenturing anonymous reviewers for highly constructive and detailed feedback on previous versions of our manuscript; Rob Mitchell, Jeff McMullen, and Dean Shepherd forstimulating conversations regarding the use of eLancing in entrepreneurship research; and Otto Koppius for pointing us to research on eLancing in information sciences.

RESEARCH METHODOLOGY

Secondary research **involves the summary, collation and/or synthesis of existing research**. Secondary research is contrasted with primary research in that primary research involves the generation of data, whereas secondary research uses primary research sources as a source of data for analysis.



Secondary research or desk research is a research method that involves using already existing data. Existing data is summarized and collated to increase the overall effectiveness of research.

Secondary research includes research material published in research reports and similar documents. These documents can be made available by public libraries, websites, data obtained from already filled in surveys etc. Some government and non-government agencies also store data, that can be used for research purposes and can be retrieved from them. Secondary research is much more cost-effective than primary research, as it makes use of already existing data, unlike primary research where data is collected first hand by organizations or businesses or they can employ a third party to collect data on their behalf.

As already highlighted, secondary research involves data assimilation from different sources, that is, using available research materials instead of creating a new pool of data using primary research methods. Common secondary research methods include data collection through the internet, libraries, archives, schools and organizational reports.

- Online Data

Online data is data that is gathered via the internet. In recent times, this method has become popular because the internet provides a large pool of both free and paid research resources that can be easily accessed with the click of a button.

While this method simplifies the [data gathering process](#), the researcher must take care to depend solely on authentic sites when collecting information. In some way, the internet is a virtual aggregation for all other sources of secondary research data.

- Data from Government and Non-government Archives

You can also gather useful research materials from government and non-government archives and these archives usually contain verifiable information that provides useful insights on varying research contexts. In many cases, you would need to pay a sum to gain access to these data.

The challenge, however, is that such data is not always readily available due to a number of factors. For instance, some of these materials are described as classified information as such, it would be difficult for researchers to have access to them.

- Data from Libraries

Research materials can also be accessed through public and private libraries. Think of a library as an information storehouse that contains an aggregation of important information that can serve as valid data in different research contexts.

Typically, researchers donate several copies of dissertations to public and private libraries; especially in cases of academic research. Also, business directories, newsletters, annual reports and other similar documents that can serve as research data, are gathered and stored in libraries, in both soft and hard copies.

- Data from Institutions of Learning

Educational facilities like schools, faculties, and colleges are also a great source of secondary data; especially in academic research. This is because a lot of research is carried out in educational institutions more than in other sectors.

It is relatively easier to obtain research data from educational institutions because these institutions are committed to solving problems and expanding the body of knowledge. You can easily request research materials from educational facilities for the purpose of a literature review.

Secondary research methods can also be categorized into [qualitative and quantitative data collection methods](#). Quantitative data gathering methods include online questionnaires and surveys, reports about trends plus statistics about different areas of a business or industry.

Qualitative research methods include relying on previous interviews and data gathered through focus groups which helps an organization to understand the needs of its customers and plan to fulfill these needs. It also helps businesses to measure the level of employee satisfaction with organizational policies.

Advantages of Secondary Research

1. Easily Accessible With secondary research, data can easily be accessed in no time; especially with the use of the internet. Apart from the internet, there are different data sources available in secondary research like public libraries and archives which are relatively easy to access too.
2. Secondary research is cost-effective and it is not time-consuming. The researcher can cut down on costs because he or she is not directly involved in the data collection process which is also time-consuming.
3. Secondary research helps researchers to identify knowledge gaps which can serve as the basis of further systematic investigation.
4. It is useful for mapping out the scope of research thereby setting the stage for field investigations. When carrying out secondary research, the researchers may find that the exact information they were looking for is already available, thus eliminating the need and expense incurred in carrying out primary research in these areas.

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Secondary Research Methods with Examples

Secondary research is cost effective and that's one of the reasons that makes it a popular choice among a lot of businesses and organizations. Not every organization is able to pay huge sum of money to conduct [research](#) and gather data. So, rightly secondary research is also termed as “desk research”, as data can be retrieved from sitting behind a desk.

Following are popularly used secondary research methods and examples:

1. Data available on the internet: One of the most popular ways of collecting secondary data is using the internet. Data is readily available on the internet and can be downloaded at the click of a button.

This data is practically free of cost or one may have to pay a negligible amount to download the already existing data. Websites have a lot of information that businesses or organizations can use to suit their research needs. However, organizations need to consider only authentic and trusted website to collect information.

2. Government and nongovernment agencies: Data for secondary research can also be collected from some government and non-government agencies. For example, US Government Printing Office, US Census Bureau, and Small Business Development Centers have valuable and relevant data that businesses or organizations can use.

There is a certain cost applicable to download or use data available with these agencies. Data obtained from these agencies are authentic and trustworthy.

3. Public libraries: Public libraries are another good source to search for data for this research. Public libraries have copies of important research that were conducted earlier. They are a storehouse of important information and documents from which information can be extracted.

The services provided in these public libraries vary from one library to another. More often, libraries have a huge collection of government publications with market statistics, large collection of business directories and newsletters.

4. Educational Institutions: Importance of collecting data from educational institutions for secondary research is often overlooked. However, more research is conducted in colleges and universities than any other business sector.

The data that is collected by universities is mainly for primary research. However, businesses or organizations can approach educational institutions and request for data from them.

5. Commercial information sources: Local newspapers, journals, magazines, radio and TV stations are a great source to obtain data for secondary research. These commercial information sources have first-hand information on economic developments, political agenda, market research, demographic segmentation and similar subjects.

Businesses or organizations can request to obtain data that is most relevant to their study. Businesses not only have the opportunity to identify their prospective clients but can also know about the avenues to promote their products or services through these sources as they have a wider reach.

METHODOLOGY

The present study is both descriptive and exploratory in nature. The methodology used in the paper in order to collect the information is basically secondary in nature. The information are being collected from the various sources like records, articles, research journals and databases. Information has also been collected from the different trustworthy websites in order to make the study more updated and accurate. Primary data is being avoided in the paper because the study is related to the internal management of the organization and thereby primary data collection becomes a very complicated, time consuming and expensive process due to geographical constraints.

7. ANALYSIS AND INTERPRETATION

During the initial years, Amazon had ten warehouses after adding six new warehouses which increased capacity became over five million square feet. They had fully computerized inventory system which led in the easy handling of inventory. Besides, during the holiday seasons Amazon uses to stock and pile up products they offer, in order to avoid customer disappointment. Product availability is a very significant factor that influences the customer loyalty. The customers always desire for a significant availability of the products as and when required. This availability influences customers whether to buy goods and services the next time from the same store or not. Based on this phenomenon, it is seen that Amazon.Com tries its best to maintain ample stock and also check to minimize the barriers of delivery system by managing its own inventory system.

In house Supply Chain:

It is popularly known as Online Only Supply Chain. Amazon is the best example for this approach. It relies on extensive product sales forecasting and inventory management systems to fulfill orders quickly at a high rate of accuracy while optimizing shipping to customers. This supply chain is extensively

internal in nature. This helps Amazon to provide a clear and vivid variety in shopping options and excellent after Sales services through its website.

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