Amazon Strength & Weaknesses

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Author Note

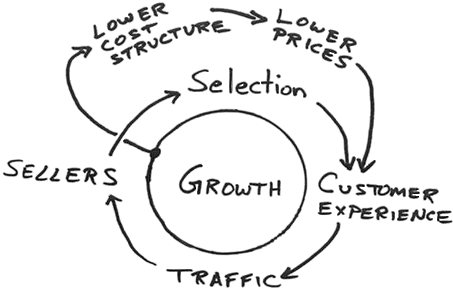
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**Amazon’s Customer Service Strengths and Weaknesses.**

The first thing that Amazon does best in order to provide good customer service is lower the cost structure. Amazon also has the largest merchandise selection, as well as a huge number of third-party sellers. Amazon has the ability to lower its prices due to its minimum direct expenses incurred, like rents. Online marketing also enables selling more units without any increase in the marginal cost. Amazon ~~also~~ has third-party sellers who can offer their products on Amazon’s site, and their products compete against its products. More than 50% of the products sold on Amazon are from more than two million third-party sellers. Selection is ~~also~~ an aspect of why Amazon is able to lower its prices. The company sells approximately 339.7 million of inventory keeping units in the amazons.com marketplace (Berman, & Thelen, 2004).

The second best thing about Amazon is the synergy between marketplace, Prime, and Amazon web service. Amazon has three key businesses. All three Amazon offerings depend on each other and create benefits that cannot be achieved if the businesses were operated independently. Amazon web services provide two key elements for its site. One of these key elements is the speed. It has calculated that a one-minute slowdown can cost them 1% of their sales each year. The other factor is the capacity to accommodate an overwhelming number of visitors during the peak period and not much needed during off period.



**Various Amazon characteristics give the company a competitive advantage over its competitors. These characteristics include a customer-first culture. The customer-centric focus starts from the top management and flows throughout the company employees that all work the customer lines for two days every two years. Another characteristic is that of convenience. However, it has a great impact on the online retailer's experience with the customer. Amazon is a leader in availability and has the best online customer experience because a customer can complete a transaction without interacting with anyone. Amazon also uses personalization of big and small data. An example of this is Amazon’s use of customers’ real-time browsing and purchasing history to recommend the product. Amazon got a shout out on Forbes for saving a customer sixteen cents which most brands don’t get. Trust and loyalty to the brand by its customers are also characteristics of the advantage that Amazon has over its competitors. The CEO has said that he is glad to forego additional profits for trust and loyalty (Kuo, 2011).**

**Amazon usually offers a wide range of information that assists their consumers to find and get answers they need by themselves, and by doing so they exceed customer expectations. Products sold by Amazon contain a thorough product explanation that is normally full of information. There are also a lot of images which are either direct from the manufacturer or uploaded by customers, and all this is what normally gives customers sense and belief in Amazon brands. Therefore, consumers are aware of what they are going to buy, and that’s why it’s easy to justify when purchasing from Amazon.**

**Some of Amazon’s weaknesses are its shrinking margins. These are due to price wars and extensive delivery network that is causing losses. Amazon had a loss of $359 in 2013-2014. The other weakness is tax avoidance. Amazon has a negative reputation on the side of tax avoidance in the countries that it generates most of its revenue, like the U.S and the UK. The other weakness that Amazon has is dealing with its high debt. The company is still struggling to make the business profitable in some nations, and the situation is affecting the profitability of the company resulting in high debt. The last weakness that Amazon has is product flop. It launched a fire phone that was a big flop.**

**Some of the services that Amazon lacks is that the company has a culture that doesn’t support service excellence and over-emphasizes on cost reduction. The company should provide a culture that supports service excellence.**

**Amazon can implement the following strategies to improve on its weaknesses: one is backward integration, and global expansion. It can come up with in-house brands in different categories. This will improve its profitability in a highly competitive e-commerce market, and expansion in developing countries will help Amazon because there’s less competition (Srinivasan, Anderson, & Ponnavolu, 2002).**

**According to the information about strengths and weaknesses, it is clear that with time Amazon will overcome the weaknesses and be ruled by the strengths. However, the quality of service provided by Amazon is of very high level, and that’s why most of the people prefer to deal with Amazon over other companies.**

**References**

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