

## SWOT Analysis and Anatomization of Amazon Business Model

**Dr. Anuradha Averineni<sup>1</sup>,**

<sup>1</sup>Assistant Professor, KLEF, Vaddeswaram, Andhra Pradesh-522302, India, E-Mail:

[anu.averineni@gmail.com](mailto:anu.averineni@gmail.com)

**Dr. Venkateswararao.Podile<sup>2</sup>**

<sup>2</sup>Professor & Head, BBA Department, , Koneru Lakshmaiah Education Foundation,

Vaddeswaram, Andhra Pradesh-522302, India, E-Mail: [vraopodile@gmail.com](mailto:vraopodile@gmail.com)

### Abstract

Amazon is an US based Multinational technology Business which deals with artificial intelligence, E-commerce, digital streaming and cloud computing. Well Known products and services of Amazon include Amazon Fresh, Amazon Prime, Alexa, Appstore, Amazon Drive, Amazon Web Services, Fire TV, Echo, Fire tablets, Video, Kindle Store, Music, Kindle, Music Unlimited, Amazon Digital Game Store, Amazon Studios and Amazon Wireless. Amazon was incorporated by Jeff Bezos on Fifth July, 1994. In this article, an attempt was done to examine the strengths, the Weaknesses, the Opportunities and the Threats of Amazon. Attempt was also done to review key Partnerships, Revenue Streams, Customer Segments, key activities, Channels, Customer Relationships, Key resources, Value Proposition and Cost Structure of Amazon

**Key Words:** Amazon, SWOT, Value Proposition, Channels

### Introduction

Amazon is an US based Multinational technology Business which deals with artificial intelligence, E-commerce, digital streaming and cloud computing. Well Known products and services of Amazon include Amazon Fresh, Amazon Prime, Alexa, Appstore, Amazon Drive, Amazon Web Services, Fire TV, Echo, Fire tablets, Video, Kindle Store, Music, Kindle, Music Unlimited, Amazon Digital Game Store, Amazon Studios and Amazon Wireless. Amazon channelizes a variety of streaming content which can be downloadable and through its Amazon Music, Twitch, Amazon Prime Video and Audible units. Amazon was founded by Jeff Bezos on Fifth July, 1994. He is the proprietor of The Washington Post and founder of the space

exploration company Blue Origin. The Amazon River was the biggest river in the world and Jeff Bezos planned to make his store the biggest bookstore in the world. Additionally, a name that began with "A" was preferred because it would probably be at the top of an alphabetized list. It was been considered as "one of the most influential economic and cultural forces in the world" and the world's prominent brand. Amazon is one of the top 5 US IT Businesses along with Google, Apple, Meta (Facebook) and Microsoft.

### **Review of Literature**

David Sjodin, Vinit Parida and Marko Kohtamaki (2023) examined Artificial intelligence enabling circular business model innovation. Goklas Siahaan, Pilifus Junianto, Andi Tenri Pada, Carolina F. Sembiring and Desideria Regina (2023) proposed Zero Waste Business Model. Haochen Guo and b Junic Kim (2023) dealt with China's New Retail Business Model via Super Species case study. Heidi Coral Thornton (2023) examined Business model change and internationalization. Herald Galingga Wira Shenta and Avanti Fontana (2023) dealt with Optimizing Value for Customer Segment through Transforming Business Model Canvas in case of MSMEs. Kresnawidiansyah Agustian, Endang Saefuddin Mubarak, Agustian Zen, Wiwin and Aulia Januar Mal (2023) examined the Impact of Digital Transformation on Competitive Advantage and Business Models. Lukas Vartiak, Miriam Garbarova and Juraj Fabus (2023) had mde Comparative Analysis of Business Models of Selected Accommodation Portals. M. Riesener, M. Kuhn, S. Schümmelfeder, and G. Schuh (2023) dealt with Business Models in the Manufacturing Industry. Montijn van de Ven and Paola Lara Machado, Alexia Athanasopoulou and Banu Aysolmaz, Oktay Turetken (2023) reviewed Prominent performance indicators of business models.

### **Objectives**

The Research entitled "SWOT Analysis and Anatomization of Amazon Business Model" is conducted with the following specific objectives.

1. To probe the strengths and weaknesses of Amazon
2. To investigate Opportunities and threats of Amazon
3. To study Customer Segments, key resources, Value Proposition and Channels of Amazon

4. To consider Customer Relationships, key activities, Revenue Streams, key partnerships and Cost Structure of Amazon

## **Methodology**

The Research entitled “SWOT Analysis and Anatomization of Amazon Business Model” is a descriptive Research. Review of current literature on Business Model results in the conclusion that there was no particular study on Business Model of Amazon and also on SWOT analysis of Amazon. Therefore, attempt was done to examine the strengths, the Weaknesses, the Opportunities and the Threats of Amazon. Attempt was also done to review key Partnerships, Revenue Streams, Customer Segments, key activities, Channels, Customer Relationships, Key resources, Value Proposition and Cost Structure of Amazon

## **Discussion**

### **Amazon Strengths**

Amazon strengths include Innovation, Customer focus, Shipping, Low cost structure, Product / service offering, one of the top popular brand, Financial performance, continued growth, Customer experience, fast and reliable service, Range and merchants and huge range of products available, Technology – unique IP and R&D including Artificial intelligence (AI)

### **Amazon Weaknesses**

Amazon Weaknesses include Wide array of competitors, Low margins – although it has good cash flow, the margin on products remains slim, Experiments – amazon has yet to develop a leading brand of hardware products, physical stores - lack of financial growth shows that despite its innovative approach profits are missing, E-commerce sites can be easily replicated

### **Amazon Opportunities**

Amazon Opportunities include Developing markets – growth opportunities, exist in developing markets eg.India, expansion of physical stores – acquisition of further retailers to establish broader presence, Amazon branded products – expand range which in turn will provide higher margin opportunities, new markets – example: healthcare and Drone delivery services

### **Amazon Threats**

Amazon Threats include Competition – large global players are aggressively attacking amazon e.g : Walmart, Several Asian competitors could expand operations in the US and Europe,

Merchants and platforms – 58% of sales generate from merchants. Amazon makes less margin on merchant sales, Government regulations – several governments are investigating Amazon's practices and policies with regard to fair play and anti-competitive practices. Other threats include Cyber crime and Fake reviews

### **Amazon Competitors**

Competitors include Online stores, Walmart, Alibaba, Otto, Xingdong (JD), eBay, Flipkart, Rakuten, Newegg, Microsoft and Google

### **Customer Segments**

Amazon customer segments include buyers, sellers and developers

### **Value Proposition**

Amazon Value proposition vary from “Easy to read on the go” for a device like Kindle to “sell better and sell more” to its marketplace. For Prime value proposition is “Anything you want, quickly delivered.”

### **Channels**

Amazon Channels include Direct Channels, Indirect channels and Hybrid Channels

### **Customer Relationship**

Amazon maintain good customer relationships with customers. For this purpose it uses communication channels like e mail contact, online chat, telephone, comments on platform and reviews on services etc.

### **Revenue Streams**

Amazon revenue streams include One-Time Sales, Commission on Sales, Advertising, Subscriptions (Amazon Prime), Web Services (AWS), Licenses, Delivery Services, Patents and Pay-Per-Use & Support Subscription.

### **Key Resources**

One Key resource of Amazon is its technological infrastructure. Other key resources include physical spaces including offices, supply chain structure, warehouses and automation. Human Resources include designers, engineers and developers.

### **Key Partners**

Key Partners are the relationships that Business has with other business, Governmental, or non-consumer entities that help business model to work. These can be the relationships that any company has with suppliers, manufacturers, business partners, etc. Amazon give importance

to such partners. Amazon Key partners include sellers, affiliates, developers, content creators and subsidiaries.

### **Key Activities**

Amazon's key activities include development, expansion and maintenance of gigantic platform. It freely provides products and services. It uses a customer-friendly interface. scales easily from small to large. It exploits its affiliate's products and resources. It uses existing communication systems.

### **Cost Structure**

Cost Structure of Amazon includes expenses involved in maintain physical spaces, Customers service centre, software development, information security and maintenance and marketing.

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