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| --- | --- | --- |
| **Strong Brand**  As a global e-commerce giant, Amazon has a strong position and successful brand image in the market. | **Tax Avoidance Controversy**    Tax avoidance in Japan, UK and US has sparked negative publicity for Amazon | **Aggressive competition** with big retail firms like Walmart and eBay |
| **Customer oriented**  Amazon caters to a large number of customers for everyday needs at inexpensive prices. This has made it a customer-oriented brand. | **Limited physical presence**  Amazon owns very limited physical stores. | **Imitation** is straightforward as many new entrants are entering the market usually with the same business model of Amazon |
| **Differentiation and Innovation**  Amazon frequently brings creative ideas and innovative additions to its product line and service offerings like ambitious drone delivery service | **Published reports related to employees’ treatment and workplace conditions (Vox,2018).**  Poor air conditioning, timed bathroom breaks, and constant video surveillance are few of the remarks made by the employees. | **Fake Products**  The increase in counterfeiting and fake products threatens Amazon’s profits |
| **Cost Leadership**  Amazon doesn’t incur costs in maintaining physical retail stores by selling everything online. With economies of scale, Amazon efficiently controls its costs and lowers its inventory replenishment time. | **Unfair use of third party data**    Engaging in unfair trade practices undermines trust and increases legal risks. Amazon is facing antitrust charges in the EU for collecting and using data from third-party to compete against them. | **Fake reviews**  Amazon has a large number of fake reviews, which are relied upon by customers to purchase products. |
| **Large number of third-party sellers**  Due to the high traffic volume on Amazon’s sites, a large number of third-party sellers have joined the platform of Amazon to sell their own merchandise. | **Overdependence on distributors**  Relying on distributors exposes Amazon to a wide range of issues. One of its main distributors (German Logistic Group, Deutsche Post DHL) can leverage its position to renegotiate terms**.** | **Government regulations**  can also threaten the business proceedings of Amazon in some critical countries. Amazon does not ship to Cuba, Iran, North Korea, Sudan, and Syria. |
| **Diversification through acquisitions**  The successful acquisitions of Whole Foods, Zappos.com, woot.com, Junglee.com, IMBD.com, and many others have produced significant revenues and profits for Amazon | **Employees working conditions**  In Germany, employees went on strike over unsafe working conditions and paralysed operations in six distribution centres. | Amazon has focused on its North American market, while emerging markets are acquired by its competitors |
| **Expanding physical stores**  Amazon can improve competitiveness against large retailers and engage customers with the brand. | **Penetrate or expand** its operations in developing markets**.** | It uses advanced logistics and distribution strategies |
| **improve technological measures and organisational policies** to reduce counterfeit sales | **More acquisitions** of e-commerce companies can increase the company’s market share and reduce the level of competition | **Pandemic**  Lockdown measures prompted customers to switch to shop online for things they would usually have bought from retail stores |
| **Launch of electric rickshaws** **in India**  Amazon pledges to make a positive impact on the environment. With this vision in mind, Amazon plans to deploy **10,000** electric rickshaws for delivery in India by 2025 | **Self Driving Technology**   Amazon recently acquired California-based self-driving start-up Zoox Inc for $1 Billion. | **50% of Amazon’s product distribution is handled by outsourced suppliers.**  Amazon outsources 50% of its product distribution which exposes itself to external risks which can impact its operations. |
| **Links to exploitative labor**  Amazon is one of three retail giants facing scrutiny from the US State Department for maintaining supply chains and labour sources associated with human rights violation. | Increasing **cybercrime**can affect the network security system of the company. | **Lost revenue in some areas, including shipping**  Amazon includes free shipping on many of its products. Considering that Amazon outsources 50% of its shipping services to third parties, it does not control the cost base as much as it would otherwise be able to. |

Amazon Analysis

**Activity 1 – Amazon SWOT**

1 Split the students into teams of 6. Each team is given a set of AMAZON SWOT cards and a A3 SWOT template

2 Using the SWOT template, teams are required to categorise the cards in terms of Strengths, Weaknesses, Opportunities and Threats

**Activity 2- Spectrum of Opportunity**

1 Using the opportunity cards. Rank in order of what the team considers to be the biggest strategic opportunities for Amazon over the next few years

2 Once agreed, students should note down the order and justify

3 How does this compare with other teams?

**Activity 3 - The Powerful Threat**

1 Each team should discuss the threats and select the one they consider will have the most significant effect on Amazon’s growth strategy

2 As a team, recommend how Amazon could reduce the effect of this threat and turn the threat into an opportunity

**Alternative approach - First half will do activity 2 and the other will do activity 3**

***Exam Style Question:* Analyse the benefits of using SWOT analysis for Amazon when they pledged to make a positive impact on the environment and planned to deploy 10,000 electric rickshaws for delivery in India by 2025 (9 marks)**

**Extension Strategies**

**Pestle Analysis**

**Students to research and carry out a PESTLE Analysis on Amazon. There is an opportunity to build upon the existing opportunities and threats cards identified during the SWOT analysis in activity 1. Teams should be encouraged to note down further examples using the context of Amazon.**