Amazon SWOT analysis

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| **STRENGTHS**   * A world renowned brand * Makes a very large profit * Great customer relationships * Low advertisement resulting in cheaper market cost * Many products to offer * Custom Products | **WEAKNESSES**   * Increasing product market could hurt the brand * Losing money for shipping cost * Lack of popularity/defined personality * Sales come in profit comes out * Some new items did not sale well |
| **OPPORTUNITIES**   * Room to build and collaborate * Expanding the categories to build more revenue * Opening possible in-person stores to allow customers to have an on-sight experience * Sales expected to increase more than half of its grossing margin | **THREATS**   * A lot of sales are made seasonally * International Competition * Threats with Online Security * Don’t believe in the brand/company |

Is the modern day couch potato becoming more than just exaggerated hyperbole? What if a person could picture their selves getting almost everything they ever needed at his/her fingertips in the comfort of their own homes? In today’s market, that is becoming a feasible option. Online retail has become a very popular way of shopping. It has been a major focal point of successful business in the future. More and more businesses are starting to navigate toward the World Wide Web to expand their franchises and produce more revenue. This can help businesses in an unpredictable economy.

Background

Amazon has been a recordable company that made its first mark originated in book sales. The company became the new virtual bookstore. The company was started by Jeff Bezos. The start of something big began in the later years of the 90’s. According to (Reference for Business) Bezos eventually decided that his venture would sell books over the Web, due to the large worldwide market for literature, the low price that could be offered for books, and the tremendous selection of titles that were available in print (“Reference for Business”, n.d.) The new company began outsourcing local bookstores by the thousands. The program then displayed information about the selection on a customer's computer screen, and gave the customer the option to order the books with a credit card and have the books shipped in a just a few days (“Reference for Business’, n.d.) This was a new venture to a lot of customers. With that goal in mind, Bezos went to work on making the web site as customer friendly as possible and relating the site to all types of customers. For other customers who were just looking for something to read in a general area of interest, Amazon.com offered topic areas to browse, as well as lists of bestsellers, award winners, and titles that were recently featured in the media. The recommendation center also offered titles based on records of books the customer had purchased in the past, if they were return customers to the site. The site also offered the ability for customers not only to write their comments about different books and have them published on the site, but to read other customers' comments about books they were interested in buying. (“Reference for Business”, n.d.) Since then, Amazon.com has opened its horizon to many new ventures opening up more doors to becoming a successful business.

Market Line’s (2015) research found the following:

Amazon is much bigger in size than its close competitor eBay (revenues of $16,047 million in FY2013), and Barnes & Noble (revenues of $6,381.4 million in the financial year ended April 2014). Leading market position in online retail format enables Amazon to target a larger customer base. However, increasing pressure to collect sales tax on merchandise sold through online websites can render the company's pricing competitiveness weak and less attractive to customers

Strengths

There are some benefits that come along when a company decides to make a new brand in the retail market. Amazon.com has begun making a strong identity for itself in a short allotted time span. There is an opportunity for this company to grow. One of the strengths that Amazon has is that it is a world renowned brand. The market has a lot of international retailors. It is better to work with other countries to get a brand growing. This also allows vendors to make a profit while giving a percentile to Amazon for allowing them to use their website. The good thing about inline retail is that you hear about it online! You do not need a large supply of advertisement. This can be beneficial to keeping marketing cost low. Amazon is also a very organized company and friendly. This is a great way to build a relationship with customers. Many saying say “the customer is always right!” Customer service is very vital in online retail especially. I believe that one good way online retail makes their presence know is through word of mouth. Having a good relationship with your customers can make or break a company.

Weaknesses

The benefit of a business creating these SWOT analysis are that a business can also see what exact area they are hurting in. Amazon.com is losing money by increasing products in the market, increasing the items is hurting the brand. This makes the company repetitious. Other companies are already out on the market selling various items. This can be hard to come into the same realm alongside string competitors and not be recognized as the rookie. In the future, a look into the free shipping cost may need to be put in consideration. It can be a substantial decrease in profits. As an online realtor, a company has to believe in their selves. If they do not believe in its brand, then it will surely become its early downfall.

Opportunities

Amazon.com will probably partner up with other distributors in the near future. This will give the company an opportunity to learn from a realtors that have more years of experience. If Amazon increases its selections to shop from; it could increase revenue. This may also give potential to drive up sales. Now that Amazon does not just sale books; it has given it a better chance to expand to more shoppers and their individual needs. When a customer shops on amazon they have many choices, categories, and subcategories to choose from. This is good to reach both genders and many age ranges. With a more diverse choice of shopping; it gives a great place to buy a loved one gifts. Another good opportunity would be if Amazon opened more local stores that people can actually go to. This could also open up more marketing and advertising that could become profitable. There are still shoppers who believe in the conventional way of shopping. They may not be so comfortable or familiar that Amazon is an online store. This would be a great opportunity for an employee to introduce that the main store is online.

Threats

Although there is room for improvement, threats still lie within the company. One of the big battles that Amazon must overcome is being a seasonal retailor. The future is very technologically advanced. The caution that arises is that there is a high level of viruses and hackers on the internet. According to Amazon SWOT research through Marketing Teacher there is not a good level to secure customers purchases online. If customers were nervous about making online purchases; they could back out and end up going to a store they are more comfortable with. They may even be willing to pay a little more for tax instead of waiting for an item to be mailed to them.

References

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By February, the Associates program had reached 30,000 members, who now earned up to 15 percent for recommending and selling books from their web sites. Four months later, the number of Associates had doubled to 60,000. (n.d.). Reference for Business. Retrieved September 25, 2016, from http://www.referenceforbusiness.com/history2/35/Amazon-com-Inc.html