*University of Phoenix Material*

Amazon.com Case Study Analysis

# Amazon.com—Keeping the Fire Hot

Amazon.com has gained the NNow that you've conducted your Learning to Lead interview, **reflect** back on what you've learned about leadership styles and approaches.

In 700 to 1,050 words (using APA formatting), **answer** the following:

* Analyze interviewee's responses
* Summarize what you learned from your interview
* Explain how you would apply what you learned into your own leadership responsibilities
* Distinguish the differences between management and leadership \*\* ATTACHED PREVIOUS ASIGNMENTS

o. 1 spot as the world’s largest Internet retailer. But never content to rest on past laurels, CEO Jeff Bezos keeps introducing and upgrading Amazon products and services.

It’s hard to keep pace with new versions of the Amazon Kindle Fire, Prime Instant Video TV, and movie content streamed on demand. There’s a variety of cloud computer services. And, Bezos keeps increasing investments in new distribution centers staffed increasingly by robots. It’s all part of a push to make Amazon the go-to choice for fast—even same-day—deliveries of as many of the products we consume as possible.

**Decision Making and Innovation**

From its modest beginning in Jeff Bezos’s garage in 1995, Amazon.com has grown into the most megalithic online retailer. Bezos continues to diversify Amazon’s product offerings and broaden its brand. Beyond simply finding more and more products and services to offer, he knows that he has to innovate in order to prevent his brand from becoming stagnant. No one is ever sure what will come next under Bezos’s guidance. His guiding question is: “What kind of innovation can we layer on top of this that will be meaningful for our customers?”

Amazon’s Kindle almost single handedly launched the ebook revolution. Also, Amazon Prime could be seen asa revolution. Prime members get free two-day shipping and discounted one-day shipping as well as access to Amazon Instant Video, movie, TV and music streaming, and free content. It’s all designed to keep customers plugged into Amazon. Bezos calls Amazon Prime “the best bargain in the history of shopping, and it’s going to keep getting better.”

There’s no shortage of competition. Amazon has squared off against Netflix, Apple, and Google in realms of both hardware and digital entertainment. It bought top-shelf audio book vendor Audible.com and later added shoe and clothing merchant Zappos.com. Then came acquisition of Boston-based Kiva Systems. Kiva’s automated guided robots deliver product to workers at pick stations, allowing Amazon increased efficiency (and reduced labor costs) in its worldwide distribution centers.

**Bezos as a Decision Maker**

Rather than sticking to just the analytical step-by-step process, Bezos isn’t afraid of informed intuition. He uses creativity, flexibility, and spontaneity when making key decisions. He seems comfortable with abstraction and lack of structure when making decisions and also isn’t afraid to fail.

Seeming not to worry about current earnings per share, Bezos keeps investing to make his company stronger and harder to catch. Its millions of square feet of distribution fulfillment space keep growing domestically and around the globe. The firm’s products and services are continuously upgraded and expanded. Drones are ready to fly Amazon deliveries to customers. But will these investments pay off? Is Bezos making the right long-term choices?

Even as Amazon’s stock values fluctuate, Bezos still believes that customer service, not the stock ticker, defines the Amazon experience. “I think one of the things people don’t understand is we can build more shareholder value by lowering product prices than we can by trying to raise margins,” he says. “It’s a more patient approach, but we think it leads to a stronger, healthier company. It also serves customers much, much better.”

**What’s Next?**

Amazon.com has quickly—not quietly—grown from a home operation into a global ecommerce giant. By forging alliances to ensure that he has what customers want and making astute purchases, Bezos has made Amazon the go-to brand for online shopping. After its significant investments in new media, services, and distribution, does the company risk losing its original appeal? Will customers continue to flock to Amazon, making it the go-to company for their each and every need?

*Source:*Schermerhorn Jr., J.R., Bachrach, D.G. (2016) Amazon.com—Keeping the Fire Hot”. In *Exploring Management* (Cases for Critical Thinking).

# Case Analysis Questions

**Answer** the following in up to 350 words each.

1. Bezos once said: “Amazon may break even or even lose money on the sale of its devices.” The company expects to recoup the money later through the sale of products, with a further boost from its annual Prime membership fee.

**Explain** how this strategy shows Bezos as a systematic and intuitive thinker.

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| The strategy used by Bezos is a competitive strategy for the firm that is aimed at ensuring that Amazon.com remains successful in the long-term. The competitive strategy focuses on creating value for customers by offering lower prices and unique product features that differentiate Amazon.com from its competitors. As a result, the strategy shows that Bezos is systematic and thinks inituitively by creating, and developing innovative solutions to create values for his customers. Bezos believes that systematic and inituitive decision-making are critical management components that managers and business leaders cannot ignore. Being inituitive means that one should focus on developing products that create value for customers instead of focusing on the performance of an organization’s shares in the financial market (McGinn, 2013). Further, Bezos demonstrates that he is systematic and initutive by refusing to buy the conventional wisdom on how things are done. For instance, despite a shrink in the share price of Amazon on the financial market, Bezos believes in creating innovative products like drones and robotics to offer value to both customers and employees of the company (Schermerhorn Jr. & Bachrach, 2016). Bezos thinks outside the box and this allows him to offer innovative, and creative solutions that set standards high for competitors in the online shopping industry. Bezos his inituitiveness by developing Kindle Fire so that it can compete with others like Apple, Google, Barnes and Noble in the e-reading devices and apps. Bezos applies systematic thinking through the careful planning and selecting of products that he introduces to the market. The selection of products to be introduced in the market depends on researching the target market and competitors strategies in developing and marketing their products. |

1. It seems like everyone is streaming these days and there are a growing number of providers. Amazon is a player in the digital entertainment market, but hasn’t taken a clear lead.

**Determine**, based on the strengths of the company, what decisions should be made to ensure that Amazon jumps ahead and becomes the “No. 1” source for digital content streams.

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| Firstly, the company needs to leverage on its big data to increase customer engagement. Leveraging on customer engagement will increase loyalty and ensure that its revenues improve so that its digital content is streamed more than its competitors. As such, using data-focused marketing will ensure that its competitive strategy in digital content dreaming is customer-based (Galetto, 2018). The use of data-driven marketing is critical to gaining success and advantage in a hyper-competitive and highly innovative industry where Amazon operates. Secondly, a decision to invest in artificial intelligence with the synchronization of Amazon.com products like Alexa is critical to enuring that the firm stays ahead of the competitors (Sullivan, 2016). The use of artificial intelligence and cloud computing as demonstrated by Alexa is essential in ensuring that Amazon.com becomes successful in the digital content production and streaming. Thirdly, the systematic decision to stay ahead of the competitors needs to develop products or content that is unique and affordable yet offering the best quality and value for customers. Consequently, the firm must make a decision to invest in strategic alliances with content developers at affordable prices and offer these products to consumers on their platform after elaborate marketing using their big data. |

1. **Compare** the latest initiatives coming out of Amazon with those of the actual or potential competition.

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| The latest initiatives from Amazon demonstrate that the firm is focused on developing new and competitive products that create value for its customers. In 2016, the firm started building its delivery system that relies on using drones and robotics in its warehouses to improve efficiency in delivery. Using the innovative system, customers can have same day delivery thus creating more value for them in the long-term. Again, the use of delivery vehicles and trucks also shows new initiatives aimed at gaining a competitive advantage in the market against competition (Bensinger & Stevens, 2016). The change of strategy to incorporate warehousing and logistics capabilities by the firm is an initiative that has given it a competitive edge over the rest as it pack, sort, and ship books at competitive prices for its customers. The e-commerce system powers other systems like Netflix and store e-books on Kindle (Robischon, 2017). The latest innovative initiative by the company is Alexa that allows one to know if their product is available and offers other details on its delivery and price. Alexa uses artificial intelligence, and is an assistant that enables a customer to use any of his/her Amazon.com products like Amazon Echo, Fire TV and Amazon Tap to know if what they want from the online store is available (Sullivan, 2016). |

1. **Conclude** whether or not Bezos is making the right decisions as he guides the firm through today’s many business and management challenges.

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| Bezos is making not only the right but effective decisions that have allowed the firm to navigate many challenges that face businesses and managers today. As illustrated, Bezos makes decisions based on the prevailing truth and creativity and innovation. The strategies employed by Bezos may not yield immediate results now, but these steps indicate the CEO’s decision to focus on future growth and development of products that will sustain the competition in the market. The development of new products like the new version of Kindle and use of drones and robotics demonstrates the inituitive and systematic thinking of Bezos. The Amazon CEO remains focused on growing a future organization and is not worried about the current stock performance of the firm on the financial market. the challenges facing businesses and management today requires leaders that make decisions based on the prevailing and projected market trends in the future as demonstrated by Bezos’s handling of operations at the online shpopping giant. Bezos’s decision to expand the logistics operations that entail opening physical stores shows his decisiveness in the company. The Amazon CEO seeks to build a solid organization for future prosperity and as such, his decisions are right and offer fundamental direction to the firm. |

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