Strategic Information Systems Assessment

Michael Ramsay

Colorado Technical University

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**Analysis of Amazon using SWOT**

Basically, SWOT analysis is an acronym for strength, weakness, opportunity and threat (Donlaya 2019). This model is used by companies to build on what they do well to help address factors which are inadequate or lacking to reduce risk and take advantage of success. Knowing who your competition is and how their products, services and marketing strategies affect you is critical to your survival. Whether you are a Fortune 500 company or a small, local business, competition has a direct influence on your success (Martin, 2019). In trying to gain understanding, see your standing and/or in trying to expand in business you need a model or tool to help guide your thinking and data.

***Strength:***

Since Amazon is one of the leading retailers in online business, it got strength due to cost leadership, differentiation and focus. The firm gains a competitive advantage from the leverage of information technology and e-commerce to ensure the organization is above its competitors. Another key strength of Amazon is that they enjoy a good reputation and popularity globally; the recognition has helped the firm enter new markets to which other online businesses do not have access. Proper and better logistics and distribution systems enabled the company to fulfill customer needs. As a result, Amazon gained a competitive advantage.

***Weaknesses:***

Recently, Amazon waivered from its core objective: selling books online to venture into other areas. The strategy might be good because of diversification, although the firm must be aware of losing its primary goal. Since the company ship products to the customer free, it is hazardous since they might be in danger of margins, and cost optimization will be complicated. Given that the company is online-based, it will be challenging to expand in emerging markets due to being based online. The company's most significant weakness operates at a near-zero margin business model, which affects its profits. However, the firm has high revenues, which is not translated into reasonable profits.

***Opportunities:***

Amazon can roll out an online payment system, which will enable them to scale up, considering the issues raised concerning security and privacy are some of the setbacks to online trading. As a result, the margins will increase due to their payment gateway. The company can also the number of products under their brand instead of stocking and selling products made by its partners. Another opportunity is to expand its global footprint and open more sites in emerging markets. A result would give an edge in the uber-competitive e-commerce retail market.

***Threats:***

One of the most significant threats is the ever-increasing number of online businesses and shopping due to theft and hacking, which expose customer’s data. Amazon has to work on this by ensuring online privacy and security are guaranteed. The firm faced several lawsuits because of their pricing strategy; other competitors complain of the customer being snatched from them—competition from local online retailers. Therefore, the company should not lose sight of the local market while pursuing global markets (Business Strategy Hub, 2019).

**Wisemans Framework**

Wisemans Framework is based on five strategic thrust phases that identify and evaluate strategic information systems to gain competitive advantage. The thrust is differentiation, cost, innovation, growth and alliance, and the main parties involved are suppliers, customers and competitors—differentiation focus on information that is not fulfilled, as a gap. Cost consists of minimizing cost and increase competitors' prices. Innovative thrust consists of doing something new and wildly different, thus differentiating and leading the company—growth focus on expanding the business. As a result, the volume and size of the market will increase. Alliance thrust focuses on mergers and acquisitions to grow the company to make it more competitive. Therefore, Wiseman is in support of brainstorming to generate ideas for opportunities. The main aim is to introduce strategic information systems opportunities, evaluate them, and select a project that will gain the most competitive advantage.

**Wisemans Thrust and Advantages for Amazon**

Differentiation thrust is a strategy involved in moving a firm forward since it emphasizes technology leadership and innovation. The company tries to convince the buyer to pay for services offered upon satisfaction to increase product loyalty. **Advantages** ;They try as much as they can to allow customers to purchase their products and use the service as frequently as possible, which involves developing products like Alexa and Amazon prime. The company brings varied types of products and brands to sell as much as possible. Customers can search and view the website using applications on phones to better the shopping experience.

Cost thrust, Amazon are not manufactures, but the act as middlemen. They receive products from manufacturers and sell them online. **Advantage**; the firm can reduce cost by sourcing for manufactures to given them affordable prices and products of good quality. Negotiation of commodity prices to buy product at cheap rate but at very large quantities than usual.

Innovation thrust, since the company is not a manufacturer, they can seek new products any time they need it. Other people are allowed to sell their products via the website. The only requirement is that they should be registered and information verified. Thus the products will include new, secondhand and rented items like books. **Advantage;** since they are not manufacturer, they will source for more products and place them on their website. Thus, customers can easily find their products on one website which is that of Amazon. The website is updated regularly to fulfill customers’ needs and warehouses located all over United States of America.

Growth thrust, there are so very many products in the website to fit the needs of all people including children and the elderly. **Advantage**; the varied products will enable the company expand. The product can be delivered to customers wherever they are through FedEx, UPS among others and the courier are able to determine customers address. Thus, customer don’t have to move around looking for a product since they are available in the website.

Alliance thrust, much focus on the organization and benefits to increase and make the company to focus on profits. Hence, more profits will be made after negotiation with manufacturers in order to sell more products as possible. **Advantages**; at the moment, the company deals online retail, which is looked up to they can therefore negotiate with manufacturers. When the purchase price is undercut and a specific selling price, profits will be made to the desired level and items sold on the website will be of quality with a reasonable price.

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