Effectiveness Using Technology

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**Introduction**

Business strategy is a tool used by companies to attain their goals, define strategies and tactics an organization has to implement. Like in this case, the system guides organizational decisions, acquiring a smaller company. Methods that are in line with the visions set take time and development. Therefore, business strategies are decisions and actions a firm put in place to attain their business goals and gain a competitive advantage. Thus, guide decision-making processes. It is essential for planning since the organization can identify the steps to achieve business goals. Creating a business strategy enables a firm to identify and evaluate the strengths and weaknesses of a company to capitalize on strengths and eliminate or overcome likely weaknesses.

A business strategy is effective in resource allocation for business activities. It gives a company more control over activities performed to reach organizational goals and gain competitive advantage by identifying a clear path to achieve your goals and capitalize on strengths for competitive advantage to make the organization unique. The business strategy components include clear vision and objectives, core values, SWOT analysis (which stands for strength, weakness, opportunity and threats), tactics, and resource allocation. Levels of the business strategy include corporate level is formulated by the top manager and include long-range, desired actions comprehensive and integrated plans. The business-level approach is the strategies that relate to a specific business, always developed by general managers who turn mission and vision into concrete systems. Functional business strategy is devel0oped by supervisors and involve decisions at the operational level like marketing, finance, human resource among others, on the other hand, a management plan is proposed plans for programs which clearly state the intended objectives of a project with well-defined timelines, responsibilities, and milestone to accomplish a specific task.

**Porters five factors of competitive advantage**

The theory explains the concept that five factors are used to determine the competitive advantage and efficiency to markets. The forces are used to understand the strength of an organization's current competitive position and the strength and the strength of a place a company would move to. Analysis of Porter's five forces is used to assess if new products will be profitable upon understanding where there is power and identify strengths to improve weaknesses. The five points include the management of suppliers, which involves assessing how suppliers can quickly raise prices due to the number of suppliers of each essential input, product uniqueness, strength and size of suppliers and cost of changing suppliers.

Power of buyers involves how easily buyers drive down prices and is caused by the characteristics of buyers in the market, their importance in the company and the cost of shifting from one supplier to another. Businesses with few buyers dictate terms of engagement. Competitive rivalry is determined by competitors' number and ability, varied competitors, differentiate goods and services to make the attractiveness of the market decline. The threat of substitutes is a result of a replacement in the market, thus increasing the chance to switch to an alternative to respond to increased prices. As a result, supplier power is reduced, and attractiveness also declines. The threat of new entrant resulting from profitable markets, in turn, erode profitability unless the founder business is strong and resistant to new entry like economies of scale and government policies.

**Amazon**

Amazon is a well-known technology company in Washington, America, mainly focus online selling, digital streaming, cloud computing, among others and is considered one of the big five in the United States; Jeff Bezos founded it, initially started as an online bookshop later involved in the sell software, video games, food, and jewelry among others (Christopher, 2019). In 2015, Amazon gained competitive advantage over Walmart and became one of the most retail shops in the United States by market capitalization (CCG Retail Marketing Blog, 2019).

**Analysis of Amazons Porters five forces**

It is usually said that establishing an online or e-commerce firm is very easy but challenging to try to outdo Amazon since it would require massive investment in the warehouse, marketing, distribution, and good customer service. Switching costs to start an online business is easy since it can gain competitors and customers since the switching cost is low. However, Amazon invested intensively in the brand; experience with customers is unmatched and becomes very difficult for competitors to compete. For any other brand to compete with Amazon, so much investment is required and patience. Economies of scale, Amazon acquired economies of scale because of its reputation as the biggest retailer. New entrants can enter the market, although they cannot use economies of scale to their advantage. Customer loyalty is achieved since the firm is considered one of the most prominent players in e-commerce. The company had the knowledge that customers are a significant factor in a business since they can break or do the industry, so they are ever looking at ways of improving their services like modifying their website, delivering goods in time, and improving customer experience (Porter’s Five Forces, 2016).

One of the primary goals of Amazon is customer satisfaction. The approach they take is customer-centric since they are guaranteed to be of high quality and receive on specified time. Generally, customers have high bargaining power due to severe online business competition. Customers are always sensitive on prices of commodities, thus, if Amazon does not offer high-quality goods, customers might look for substitute products, and the advantage they have is their ability to provide the various product at very reasonable prices to enhance a good customer experience, this makes it very difficult for competitors reach such level. Thus customer becomes repeat customers. Customers' bargaining power on products with less competition is low since there are no alternatives. Therefore based on this analysis, the firm must focus on their customers to succeed in the long run.

Amazon competes with online and offline retail markets. One of the most challenging hurdles is switching costs since the customer can choose to purchase from other dealers since they don’t sell unique products. Products sold are on retail; therefore, maintaining a good customer experience is necessary. In case of any fall out in their services, customers may choose a buyer from other substitutes whose products are relatively cheap. Hence, the threat of substitutes in porter’s analysis indicates that the firm is focused on good customer experience to succeed in the online business (Martin, 2019).

Bargaining power of customers who supply the needed products, their influence is extreme, because without them, there won’t be any product for the buyers to purchase. Amazon has the upper hand over its suppliers, they are very many, but they adhere to the set rule and regulations to supply products. When the supplier of certain goods is limited, the power is with the suppliers due to less competition.

Based on this analysis, external factors indicate that suppliers have low to moderate business power. Rivalry competition, Amazon competes with powerful competitors and the rivalry increase daily. Recent findings show that so many companies have invested in the business that sells their products online. Competitors of Amazon include Walmart, Alibaba, among others. Meagre switching cost and availability of substitute pressure Amazon since customers can easily purchase from other retailers. To curb this, Amazon provides high-quality products to gain a competitive advantage by investing large amounts to retain their reputation as the best online business.

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