Amazon – The World Leader of E-commerce World Market – The Swot Analysis.

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Introduction:

The research as the title "**Amazon – the world leader of e-commerce world market – the swot analysis."** A study at Bangalore of the research to know how the site "Amazon "has become the a – one - among e-commerce e-sites responding to all needs of the and aspirations of e-customers. The study want to take up a study of the service quality, delivery aspects and other issues involved with the e-commerce market.

The research study has been conducted with a questionnaire study to the distribution and administrative executives of survey "Amazon" e-site in Bangalore and survey of customers to arrive at final interpretations, suggestions, conclusions w.r.t the Strategies adopted by Amazon the world leader in e-sites to learn lessons for other Indian e-sites in the market.

1. research objectives :

The research mainly is focused to find the service quality, delivery aspects and other e-customer issues of the e-site "Amazon " with an analysis of its   strengths , weaknesses , threats and opportunities and how "Amazon" is made successful based on study on company executives and customers feedback to given Amazon e-customers.. The research is focused on "SWOT" analysis of the service quality and other parameters. The research will be addressing the issues with the parameters of service quality, delivery aspects and other customer issues and its improvements and changes for   customer's delight with user-friendly marketing experience in their product display, e-sale-process and deliveries as their e-commerce strategies.

2. Liturature survey:

Introduction to e-commerce business :

 Commerce stands for electronic commerce and caters to trading in goods and services through the electronic medium such as internet, mobile or any other computer network. It involves the use of Information and Communication Technology (ICT) and Electronic Funds Transfer (EFT) in making commerce between consumers and organizations, organization and organization or consumer and consumer. With the growing use of internet worldwide, Electronic Data Interchange (EDI) has also increased in humungous amounts and so has flourished e-commerce with the prolific virtual internet bazaar inside the digital world which is righty termed as e-malls. To access to almost every knick-knack of our daily lives at competitive prices on the internet. No matter one is educated or illiterate, an urbane or a countryman, in India or in U.K; all you need is an internet connection and a green bank account. With e-commerce then, you can buy almost anything you wish for without actually touching the product physically and inquiring the salesman n number of times before placing the final order. Here is a beautiful picture depicting how has human life evolved to adapt to the digital world and hence trading over the internet. As seen, from pizza and potted plant to pair of shoes, we have everything on sale on the internet available in tempting offers..!! Snapdeal.com, Amazon, eBay, Naaptol, Myntra, etc are some of the most popular e-commerce websites.

Definitions of e-commerce

Business activities that are business-to-business (B2B), business-to-consumer (B2C), extended enterprise computing (also known as "newly emerging value chains"), d-

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commerce, and m-commerce. E-commerce is a major factor in the U.S. economy because it assists companies with many levels of current business transactions, as well as creating new online business opportunities that are global in nature. Here are a few examples of e-commerce:

- accepting credit cards for commercial online sales

- generating online advertising revenue

- trading stock in an online brokerage account

- driving information through a company via its intranet

- driving manufacturing and distribution through a value chain with partners on an extranet selling to consumers on a pay-per-download basis, through a Web site (www.netlingo.com)

Shopping Cart: Software used to make a site's product catalogue available for online ordering, whereby visitors may select, view, add/delete, and purchase merchandise. (www.netlingo.com).Payment Gateway (or Gateway): An application that is resident on a merchant's server (or a server located at the merchant's isp or csp) that accepts payment information, encrypts it and routes it across the internet to a [payment services provider].(www.netlingo.com) .Visa/MasterCard has published their definition of an electronic commerce transaction to include "...a transaction conducted over the Internet or other network using a card holder access device, such as a personal computer or terminal," (http://www.umsl.edu/~siegelj/Course5890/definitions.html)

buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. E-commerce is subdivided into three categories: business to business or B2B (Cisco), business to consumer or B2C (Amazon), and consumer to consumer or C2C (eBay) also called electronic commerce. (http://www.investorwords.com/1637/e_commerce.html#ixzz3KBWmPQrX) E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. These business transactions occur business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to transactional processes around online retail.

E-commerce is conducted using a variety of applications, such as email, fax, online catalogs and shopping carts, Electronic Data Interchange (EDI), File Transfer Protocol, and Web services. Most of this is business-to-business, with some companies attempting to use email and fax for unsolicited ads (usually viewed as spam) to consumers and other business prospects, as well as to send out e-newsletters to subscribers. The benefits of e-commerce include its around-the-clock availability, the speed of access, a wider selection of goods and services, accessibility, and international reach. Its perceived downsides include sometimes-limited customer service, not being able to see or touch a product prior to purchase, and the necessitated wait time for product shipping. To ensure the security, privacy and effectiveness of e-commerce, businesses should authenticate business transactions, control access to resources such as WebPages for registered or selected users, encrypt communications and implement security technologies such as the Secure Sockets Layer.(http://searchcio.techtarget.com/definition/e-commerce)

How e-commerce works

There are hundreds of different products and services for consumers and the multitude of different ways these products and services can be delivered, e-commerce by its nature is varied in the way it works. In its most basic form e-commerce works as follows:

a) Consumers choose a product or service on a website

b) Consumers pay electronically on the website (online credit card transactions) or using a third party payment provider such as PayPal

c) The business owner or merchant receives the order and payment and the order is fulfilled (delivered by post, booked in for services etc)

d) Making payments online is completed via a secure connection to ensure that sensitive data such as credit card details and personal information are kept private.

Benefits of e-commerce to the merchant

a)   Reduced costs: End consumers are treated to lower prices and this is all due to reduced costs for the merchant. Online retailing requires no sales staff, hence a reduced labour cost. Electronic payments which are often automatically tracked and linked to accounting software results in reduced paper work and reduced errors in data entry. Costs involved the maintenance of a physical storefront are also removed, with the major cost of e-commerce going to warehousing and product storage.

b)   Shorter time frames: E-commerce allows for highly reduces lead times, as well as the more efficient delivery of products.

c)   Increased consumer reach: E-commerce allows online merchants to stock a larger product range than a traditional store. This larger product range means more products are suited to a larger consumer base and hence greater possible reach. E-commerce stores are also available from anywhere, interstate and international customers are no longer a missed segment - this results in a massively increase possible consumer base. Net registry offers e-commerce solutions that can help you get your store online more quickly - Our hosted e-commerce solution makes managing a secure online store a breeze.   (http://www.netregistry.com.au/resources/what-is/ecommerce/what-is-ecommerce/)

E-commerce industries a swot analysis in India

India has an internet user base of about 250.2 million as of June 2014. The penetration of e-commerce is low compared to markets like the United States and the United Kingdom but is growing at a much faster rate with a large number of new entrants. The industry consensus is that growth is at an inflection point. Unique to India (and potentially to other developing countries), cash on delivery is a preferred payment method. India has a vibrant cash economy as a result of which 80% of Indian e-commerce tends to be Cash on Delivery. However, COD may harm e-commerce business in India in the long run and there is a need to make a shift towards online payment mechanisms. Similarly, direct imports constitute a large component of online sales. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

Market size and growth

India's e-commerce market was worth about $3.8 billion in 2009, it went up to $12.6 billion in 2013. In 2013, the e-retail market was worth US$ 2.3 billion. About 70% of India's e-commerce market is travel related. India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.

Key drivers in Indian e-commerce are:

1.Increasing broadband Internet (growing at 20% MoM) and 3G penetration.

2.Rising standards of living and a burgeoning, upwardly mobile middle class with high disposable incomes

3.Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers

4.Busy lifestyles, urban traffic congestion and lack of time for offline shopping

5.Lower prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs

6.Increased usage of online classified sites, with more consumer buying and selling second-hand goods

7.Evolution of the online marketplace model with sites like Jabong.com, Flipkart, Snapdeal, and Infibeam.

8.India's retail market is estimated at $470 billion in 2011 and is expected to grow to $675 Bn by 2016 and $850 Bn by 2020, – estimated CAGR of 7%. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012–16.

As per "India Goes Digital", a report by Avendus Capital, a leading Indian Investment Bank specializing in digital media and technology sector, the Indian e-commerce market is estimated at Rs 28,500 Crore ($6.3 billion) for the year 2011. Online travel constitutes a sizable portion (87%) of this market today. Online travel market in India is expected to grow at a rate of 22% over the next 4 years and reach Rs 54,800 Crore ($12.2 billion) in size by 2015. Indian e-tailing industry is estimated at Rs 3,600 crore (US$800 mn) in 2011 and estimated to grow to Rs 53,000 Crore ($11.8 billion) in 2015.On 7 March 2014 e-tailer Flipkart claimed it has hit $1 billion in sales, a feat it has managed to achieve before its own target (2015). Overall e-commerce market is expected to reach Rs 1,07,800 crores (US$24 billion) by the year 2015 with both online travel and e-tailing contributing equally. Another big segment in e-commerce is mobile/DTH recharge with nearly 1 million transactions daily by operator websites.

GROWTH OF E-COMMERCE:

Electronic commerce or e-commerce encompasses all business conducted by means of computer networks. Advances in telecommunications and computer technologies in recent years have made computer networks an integral part of the economic infrastructure. More and more companies are facilitating transactions over web. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. People can buy goods with a click of mouse button without moving out of their house or office. Similarly online services such as banking, ticketing including airlines, bus, railways, bill payments, hotel booking etc. have been of tremendous benefit for the customers. Most experts believe that overall e-commerce will increase exponentially in coming years. Business to business transactions will represent the largest revenue but online retailing will also enjoy a drastic growth. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow (http://www.gatewayforindia.com/technology/e-commerce.htm).

E-commerce –customer advantages:

In C2B transactions, customers/consumers are given more influence over what and how products are made and how services are delivered, thereby broadening consumer choices. E-commerce allows for a faster and more open process, its customers having greater control .E-commerce makes information on products and the market as a whole readily available and accessible, and increases price transparency, which enable

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customers to make more appropriate purchasing decisions. E-commerce link customers, workers, suppliers, distributors and competitors .E-commerce facilitates organization networks, wherein small firms depend on "partner" firms for supplies and product distribution to address customer demands more effectively.

To manage the chain of networks linking customers, workers, suppliers, distributors, and even competitors, an integrated or extended supply chain management solution is needed. Supply chain management (SCM) is defined as the supervision of materials, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. It involves the coordination and integration of these flows both within and among companies. The goal of any effective supply chain management system is timely provision of goods or services to the next link in the chain (and ultimately, the reduction of inventory within each link

Cyber Security Issues of E-Commerce Business in India

E-commerce business is flourishing at a great speed in India. Most of the e-commerce entrepreneurs are concentrating upon commercial aspects with an eye upon profit motive. In this race they are ignoring techno legal requirements that may affect their rights in the long run. For instance, e-commerce laws in India are spread across multiple legal frameworks and they are seldom followed by Indian e-commerce stakeholders. Even foreign e-commerce players and portals are required to be registered in India and comply with Indian laws. Similarly, e-commerce players are required to comply with cyber law and cyber security regulatory compliances in India. A dedicated law for cyber security breaches disclosures is also in pipeline that would impose stringent obligations upon e-commerce players operating in India. Companies that would fail to comply with the cyber law due diligence requirements in India may be punished according to Indian laws. The cyber security challenges for Indian companies are very difficult to manage in the absence of proper planning and management. Directors of Indian companies and e-commerce websites can be held liable for improper cyber security dealings in India. Thus, cyber security issues of e-commerce businesses in India cannot be ignored by various stakeholders except at the risk of litigations and heavy monetary compensations.

4. SWOT analysis – introduction: It is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats in a business. The key to a SWOT analysis is to identify the

Strengths:

An ecommerce company's strengths are the unique points that differentiate them from their competitors. It can be a wider selection of products, better customer support, quicker shipping, lower prices, better terms and conditions, etc. These are competitive advantages that can increase a company's strengths. Ecommerce vendors also benefit from lower operational costs and a 24-7 shopping experience (http://www.awepay.com/ecommerce-swot-analysis/)

Ability to compete with other companies global and locally;-Implementing an e-commerce business solution allows companies to expand their customer base to a global level without considerable time or expense. Specialization and niche selling;-The larger customer base created by online sales allows e-tailors to specialize in certain niche products that could not support a more traditional business model. Low overhead cost and low barrier to entry;-Startup costs for an e-commerce retail operation are a fraction of the costs of starting a traditional brick and mortar company.

Direct consumer communication;-This form of commerce allows the business to maintain a higher level of consumer communication. The communication happens when the order is placed, when the order has shipped and then at a point in the future, should

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the customer opt-in to receiving regular email communication. (http://www.ecartreviews.com/e-commerce-s-w-o-t-analysis)

Weaknesses

One of the top problems that all ecommerce merchants will face are excessive Charge backs. With security and fraud lurking in every corner, customers are often reluctant to use their credit cards for online purchases. Shipping of products is another issue, where heavy, large, and perishable goods are often a pain and very expensive. Shipping duration could also open the customer's options to purchase the products elsewhere. (http://www.awepay.com/ecommerce-swot-analysis/)

High Customer Expectations;-Small businesses can appear to be large companies on the Internet. Customers have no way of gauge the business' actual level of man power and resources. This leads to customers that demand the same level of service from business with 1-2 employees as they would from industry giants like amazon.com.

Search Engine Unpredictability;-Web retailers live and die by organic search engine placement. The higher the store is placed on the search engine result pages (SERPs) translates to more traffic and sales. Search engines regularly change their ranking systems and this can cause major fluctuation in placement and create an unpredictable environment. (http://www.ecartreviews.com/e-commerce-s-w-o-t-analysis)

Opportunities

Technology is a perfect example to expand a company's growth and take advantage of areas where the competitor's vulnerable. In the ecommerce world, changes happen every single day, and technology has help level the industry with traditional retailers. For example, the online shopping cart software has been improved for a smoother, quicker, and more customer-friendly experience. Live customer support chat has increased the level of support the customers need. Social media is an excellent platform for free or low cost promotions to increase product awareness (http://www.awepay.com/ecommerce-swot-analysis/)

Global Exposure;-Adding an e-commerce component to a business allows the company to sell their products to a global market. **High Availability**:- A 24/7 business Selling on the Internet allows the company to take orders around the clock on every day of the week. Orders can then be filled and processed during set business hours. **Strong business-to-business networking**;-Websites allow for business-to-business exchange links to increase traffic and search engine placement for each businesses' sites. This opens lines of communication on a business-to-business level and aids in the cooperation between companies. **Industry Growth**;-Retail sales on the Internet in America have seen double digit growth each of the past 8 years. Growth is expected to continue at high rates and having a business online allows the merchant to be in a position to benefit from this expansion. (http://www.ecartreviews.com/e-commerce-s-w-o-t-analysis)

Threats

A business must take note of the broad industry shifts that can affect their business and company growth. Legal and regulatory changes for instance, may force all ecommerce businesses to collect sales tax. New laws from card associations may also be a problem, especially for the higher risked industries. Competition from ecommerce giants like eBay and Amazon often undercut smaller merchants on price. Lower barriers for entry into ecommerce are also a threat, allowing almost anyone to sell via social media without the need of a website or a company (http://www.awepay.com/ecommerce-swot-analysis/). **Competition**;-The low barriers and the comparatively low overhead costs allow a for a relative easy entry into the market. This increases the level competition and can cause a reduction in prices and profit margins. Threats are produced not only by other retailers within the same

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industry but also by the manufactures that supply the products that the retailer sells. It is not uncommon for online retailers to directly compete with the manufacturer of the lines they carry. **Innovation**;-Future innovation could have an adverse effect on e-commerce-businesses.

5. Amazon – the world leader : analysis :

Tracing some steps back, it's been recorded that some institutes of the western world started exchanging information and data electronically by the late 1970s. But the concept of online trading of goods was first witnessed much later with the dawn of 1990. In 1994, Jeff Bozos'; an American businessman started his e-commerce website Cadabra.com, now popularly known as Amazon.com. Amazon was the first online firm to execute secured online transactions. At the onset, Amazon was known as an online bookstore, but with the whelming customer-response it expanded to trading in books, music, apparels, CDs/DVDs, electronics, MP3s, videogames and many more. Running successfully, round-the-clock since 1994, surprisingly Amazon recorded its first profit in the year 2003 only. Although, Amazon proved to be a successful business model by late 2003, it's no less than a fact stating its tremendous popularity. The 'enriched library', online review system and a user friendly website are still the starred assets of this e-commerce company.In response, both Amazon and eBay have begun experimenting with local partnerships and acquisitions to expedite their expansion in the marketplace. In 2012, Amazon entered the market after acquiring the Indian price comparison site Junglee.com, and the consumer-to-consumer firm eBay invested in Indian competitor Snapdeal.

6. Analysis and conclusions :

The research concludes on the basis of exhaustive literature survey and the survey of the employees of Amazon e-site the following aspects:

a) The e-site Amazon holds total strength all the spheres of e-commerce operations

b) It makes advertising in all media – TV, news paper , magazine and it's own sites.

c) It's delivery schedules are always mostly met in time and the e-customer is happy

d) It's range of products – wide range of products covering all most all household items and retail customer needs.

e) The customer feels the reliability is more in comparison to other e-sites.

f) It has built up it's own niche and loyal e-customers who purchase all needs only by Amazon.

g) The Indian e-sites Flipcart and snapdeal is able to stand by the competition of the Amazon because of Indian brand name and it's own loyal customers. Their only way to compete amazone is by price war and it has started erdoing these indian e-sites profits to great extent and making the e-sites poorer by profits . but our e-sites have no alternative as the world market is in open economy.

h) The amazon is slowly trying to enter grossry market is not a good news fro our malls and other indian e-sites selling the same.

i) The amazon is shown as "complete solution" for a specific customer requirement rather than product selling site in contrast to other e-sites. For example it's advertising is aimed at this new brand image " complete solution" , the ad shows some one setting up a hotel, guest house, new house etc..

j) The amazon has got world presence and reach. it helps to plan procurement planning and distribution of the products to it's e-customers in most economic way than other sites.

k) The amazon distributes through it's own distribution channel and offices in most of the places , while as other e-sites realy on other parters to distribute their products to the customers , paying hard cash for the dsitribution by other companies their products.

l) The amazon has one great "weekness" – it's size , unless it is handled proeply as we have seen in the history of last century – many companies have fallen from heven to

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dust because of it's over growth and size. The corporate history a shown that manay companies when they grow big , they are unable to take proper care of feedback from from the final customer and the grass root level feedback is not reached to the top and suddenly there is explosive fall of the company , as they stop learning from the economic global situtaions and customer from all cornors of the world.

m) One more "threat " aspect is the world market based multinational companies is that – it has to resond propley to diffent variances of the need and aspirations of diifernt countries, region and the people from differnt parts of the world , which varies from each part to part of this globe. But as company grows they make and try to genralise and standardise their procedures, rules, products and services – which becomes "threat" for any growing compnay in world economy .

n) The amazon as on today is grwoing fastest making his owner the richest in the world becasue of it's ability to response to customer needs and understanding e-customer needs and aspirations in advance and trying is give more than what is expected with fastest delivery schedules and bring a great "delight" so that every amazon customer will be a sopkesman of the compnay marketing about it's brand unawaringly.

7. Final word:

The Indian e-sites have to gear up their service quality, delivery schedules, product quality, replacement issues to build "brand name" equal to world leader Amazon. The Indian e-sites have to make all their operations benchmarked with Amazon and its operations to win the market and build a loyal customer base for itself. If these Indian e-sites won't pull up their socks and start working out things much more seriously in their operational service quality, the future days will be of difficulty and then there will be no time for correction and come back to the e-commerce market.