Environmental Scan- Amazon Inc.

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**Introduction**

In most cases, businesses are established to provide to an individual’s needs. Many companies in the modern world operate within a multi-faceted environment. In the operation of a business, the owners have to overcome various challenges posed by the social, political, legal, economic, physical, and technological environments. The environments within the scope of operation of businesses have a significant impact on the success of any business. Many companies can control the internal factors affecting their activities, such as employees. Managing the external environment is usually a difficult task for many companies due to the complexities involved. The modern business environments are very competitive due to the many changes resulting from advancements in information technology. This study will conduct an environmental scan on Amazon Company to understand various measures undertaken by the company to ensure continuous growth since its inception. We will analyze how the company managed to overcome multiple challenges posed by the increase in technology. The analysis will assess both the company’s general environment as well as the external environment. Finally, we will evaluate the industry in which Amazon has been operating, and various measures are undertaken to maintain a competitive advantage over other players in the sector.

**Amazon Industrial Operating Environment**

Amazon was established in 1994 by Jeffery Bezos as an online bookstore. The company’s website became functional in 1995, and since then, the company has experienced massive growth to make it the most successful e-commerce firm in the world. Amazon derived its name from the Amazon River, which is considered as the second largest river in the world. The company managed to evolve from selling books in the online stores to incorporating different types of products. The company has also expanded its operations to other countries distributed throughout the world, including Germany, China, Canada, Japan, United Kingdom, etc. (Amazon Analysis, 2020). The company offers delivery services for its products to its customers located throughout the globe. In this analysis, we will focus on analyzing some of the products provided by the firm.

**Amazon’s General Environment**

In the course of its operations, the management at Walmart has to address various issues affecting the company’s operation. The company has to ensure that the needs of their employees are met. The quality of services offered by an organization depends on how the employees treat customers. Having satisfied employees resulted in a higher quality of products and services. The company has put various measures to ensure the needs of their employees are met. Amazon has placed priority on improving their customers’ experience with the firm (Amazon Analysis, 2020). Collection of feedback from customers has played a crucial role in improving service delivery, and this has improved the overall customer satisfaction. The company has also established strong relationships with its suppliers. Suppliers play an integral role in meeting the company’s objective. Therefore, creating a strong relationship with the suppliers is instrumental in the firm’s success. The company has collaborated with other companies to enhance the quality of services provided, and this has enabled the company to expand its business.

**Amazon’s External Environment**

Amazon’s external environment is made of various factors that have a significant influence on its operations. The elements within the external environment provide threats and opportunities for the company. In facilitating the success in the company’s operations, the management needs to devise appropriate strategies to enhance its ability to overcome the threats while optimizing the opportunities provided in the external environment. The company has minimal control over the factors within the external environment. In our analysis, we will evaluate factors within the economic, political, social, and technological areas. A majority of Amazon’s customers are from developed countries; the presence of political stability within the countries creates numerous opportunities for the company. There have also been multiple efforts by the government to fight against cybercrimes, which poses many threats for tech companies. The efforts by the government will streamline various platforms used for the online transaction; this will make it possible for the company to facilitate stress-free transactions for all customers throughout the globe.

There exist various issues in the economic environment, which create both opportunities and threats for the company. The fact that a majority of the clients come from developed countries protect the company from issues arising from instabilities in the economies. Other problems, such as the financial crisis experienced in 2007-2008, had many negative impacts on the company (Amazon Analysis, 2020). Despite the challenges, many countries such as the United States, Japan, China, and Germany, etc. have been undertaking various measures to strengthen their economies. The strengthening of economies, therefore, provides numerous opportunities for the company to grow.

Various social factors have had significant impacts on the performance of Amazon. In recent times there has been a change in shopping trends where most people prefer shopping for their products online. The new trends have provided Amazon with numerous opportunities for growth. There has also been an increase in the faith by the people in online transactions; this has resulted in more sales for the company (Marchi, Maria & Micelli, 2012). The rapid growth in developing countries has created many opportunities for additional investments for Amazon. The demand for products in developing countries is very high, and this, therefore, creates avenues for increasing the firm’s revenues.

The current technological environment is very dynamic. Due to advancements in technology, there has been an increase in issues facing online sellers. Amazon has responded by adopting numerous strategies that monitor various conditions within the environment. The increase in connectivity in many developing countries provides many opportunities for the company. The dynamics also provide threats of obsolescence of technologies, and this, therefore, requires the company to conduct regular updates to remain relevant in the market.

**Establishing a Competitive Advantage for Amazon**

The environmental scanning technique would be instrumental in creating a competitive advantage for Amazon. Based on the analysis of the external environment, it is evident that there exist numerous opportunities that the company can exploit to increase their strength in the market. The increased innovations in technology can be used by Amazon to enhance the overall customer experience in online shopping (S, 2019). Currently, many firms are opting to invest in online systems for the sale of goods. Amazon can enhance its product base to include products sold by hypermarkets such as Walmart. The addition of new products will give the company a competitive advantage over other retailers. Amazon can use the growth in internet connectedness in developing countries to increase their customer base. Through the move, the company will be able to increase its revenue base. Additional revenues will give the company a competitive advantage over their competitors. The company should also increase its reach by merging with offline retailers to improve the products sold. Finally, the company should take advantage of increased security and acceptance of online transactions to woo additional customers through aggressive marketing.

**References**

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