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REPORT: DEVELOPING A NEW LANDSCAPE FOR CUSTOMER CARE

Strategic Management

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Executive Summary

This report provides an analysis and evaluation of Amazon Prime's current approach to strategy to effectively offer recommendations to reshape the organisation's strategic direction to discover a new way forward for delivering innovative customer care.

Methods of analysis include an assessment of the external and internal environment, as well as incorporating the use of Porter's Five Forces, Porter's Generic Strategies, Porter's Value Chain, the Ansoff Matrix, and the analysis of the organisation's approach to a Blue Ocean strategic framework.

Results of the analysis indicate that Amazon Prime's key strategic customer care strengths include delivering an extensive offering of innovative products and services, maintaining cost leadership in the online retail market and building and preserving customer loyalty.

The report finds that Amazon Prime's current strategic approach to customer care is largely centered around profitability. Despite Amazon's capabilities in establishing market dominance, there exists an opportunity for the organisation to re-shape its customer care offerings within the wider community particularly during the COVID-19 crisis as a means of delivering exceptional customer care and building long-lasting consumer relationships.

Recommendations discussed include:

- A re-designing of the Amazon Prime website to offer a more distinguishable and personal platform for smaller merchants, signifying their commitment to offering a more authentic shopping experience for consumers whilst also ensuring smaller merchants do not lose their identity when selling through the Amazon platform.
- A commitment to helping the wider community during the COVID-19 pandemic through temporary work experience in delivery or warehousing and potential discounts on essential items for families struggling financially.
- To continually seek out technological advancements to understand customers on a deeper level, therefore being able to meet their needs before they happen and thus providing exceptional customer care.

Introduction

Amazon Prime is a paid subscription programme launched in 2005 by technology giant Amazon, specialising in a number of additional services including music and video streaming and free speedy delivery (Amazon, 2020). In January 2020, Amazon CEO Jeff Bezos stated that there were now more than 150 million Prime subscribers worldwide, suggesting that the programme had grown rapidly adding approximately 50 million new Prime subscribers in less than two years (Keyes, 2020). With such rapid growth, it is clear that strategic planning and implementation has been vital in Amazon 's Prime success but is even more important in determining the future growth and sustainability of the platform.

According to Ansoff et al., (2018) the concept of strategic management is;

“Establishing objectives and goals for the organisation, and with maintaining a set of relationships between the organisation and the environment which (a) enable it to pursue its objectives, (b) are consistent with the organizational capabilities, and (c) continue to be responsive to environmental demands”.

This report aims to conduct a thorough analysis on the organisation's current strategic approach to then discover potential new strategic options for delivering innovative customer care whilst ensuring future resilience and sustainable competitive advantage. During the COVID-19 pandemic especially, the strategic planning process could be seen as the greatest value in identifying future options and paving a steady path for the future (Conerly, 2020). Strategy has also been described in literature as the match between an organisation's internal capabilities and its external relationships (Lynch, 2018) therefore driving the need for both an external and internal analysis. To successfully analyse Amazon Prime's current strategic direction, the report will first look to address the strategic approach of Amazon as a whole that led to the creation and implementation of Amazon Prime, before giving detailed consideration of the strategic approach of Amazon Prime solely.

Importance of Customer Care

COVID-19 has staggered lives and livelihoods all over the world. In times of crisis especially, customer care is more important than ever. The COVID-19 pandemic has largely disrupted the external business environment bringing about concerns over employee protection and market preservation, supply chain disruption and trade hostilities (Smith-Bingham and Hariharan, 2020). During times of heightened uncertainty and business risk, it is vital that companies begin to cultivate new strategies, technologies and processes that tailor the care experience to each individual customer's needs (McKinsey, 2020).

Diebner et al., (2020) notes that there are four practices that an organisation can do to build resilience and allow for success in a post-Covid-19 environment; focus on care and connection, meet customers where they are today, reanalyse customer experience for a post-COVID-19 world and shape capabilities for a fast-changing environment. As stated by Armstrong and Kotler (2020);

“Satisfied customers buy again while dissatisfied customers switch to competitors”.

To truly satisfy customers, it is crucial that an organisation is aware of and fully understands the strengths and weaknesses of its competitors (Rosli and Nayan, 2020). Thus, an external competitor analysis has first been carried out to understand Amazon's strategic approach to managing its competitors, to then therefore be able to provide strategic recommendations for improving the organisation's future customer care, experience and satisfaction.

External Analysis

Competitor Analysis

Porter's Five Forces model identifies five competitive forces that shape every industry: Rivalry among existing competitors, bargaining power of Supplier, bargaining power of Buyer, threat of substitutes and threat of new entrants (Porter, 1979). It is argued that a company can achieve sustainable competitive advantage and operational effectiveness through the understanding and re-shaping of the forces to work in their favour (Porter, 2008).



Figure 1.1.: Porters Five Forces Model 1979. Source: (Google Images, 2020)

Considering the external threat of competition discussed in Porter's model, Amazon has adopted several competition strategies to deepen their strategic position and provide greater

offerings and thus service to Amazon customers. According to Ritala et al., (2014) companies are increasingly working in partnership with their competitors to gain advantages that would not be possible to gain working solely, including collaborative innovation, co-marketing and risk sharing. This is a phenomenon known as coopetition (Brandenburger & Nalebuff, 1996). In order for Amazon to achieve its position as a leading e-commerce firm and lead to the creation of Amazon Prime, its business model has long incorporated a unique stance on collaborating with competitors to create value for customers (Ritala et al., 2014). Unlike other dot com companies, Amazon's business model has continued to evolve, largely adapting its use of coopetition strategies for success (Brandt, 2011).

Amazon's first coopetition strategy was its early promotional alliance with search engine Yahoo!, that became a long-running relationship whereby both brands were able to pool resources, grow their consumer base and gain a competitive advantage (Filson, 2004). Amazon has further adopted coopetition into its marketing strategies through joint product development with its alliance partners. Amazon has successfully created marketing alliances with conventional retailers such as Target and Citibank (Das et al., 2003) which is a beneficial tool for companies that want to grow product demand through infiltrating new geographical locations and customer markets (Adler, 1966).

Amazon further used coopetition within its marketing strategy to differentiate itself from competitors. According to Bhasin (2018) Amazon acquired many start-up IT and e-commerce firms which allowed the company to use the existing technology of the secured partners at low cost therefore providing higher value products to their customers. This strategy also contributed to Amazon's extensive product offerings that could then be offered at affordable prices, benefiting the customers, and allowing the company to achieve economies of scale (Bhasin, 2018). One of Amazon's largest approaches to strategy is therefore the utilization of its competitors to achieve a shared goal and establish marketplace leadership.

Organisations can however also co-operate with other companies in order to deliver better value and care to customers (Lynch, 2018). Research from Adobor (2019) suggests that opening up a business strategy to possible alliances with competitors and stakeholders alike can deepen the repertoire of proposals that may be used for strategy formulation, and thus bring fresh perspectives that are influential in prompting value-creating shifts in a company's strategic direction. This suggests that co-operation with competitors and stakeholder's is not

only beneficial in the profitability sense in which Amazon has utilised it, but that there is also a tactic knowledge embedded within this human capital from which there could be a greater quantity, variety and quality of ideas of how to deliver superior customer care which can be used for strategy formulation (Adobor, 2019).

Bargaining power of customers

The COVID-19 pandemic has now largely modified consumer trends and behaviour. Recent research from Rigby (2020) highlighted the shift in consumer spending from traditional consumer-facing industries to online retail, resulting in a shift of £134 billion in economic value by 2022. This suggests that the Covid-19 pandemic has altered the way in which consumers are spending creating a new demand for digital products and services.

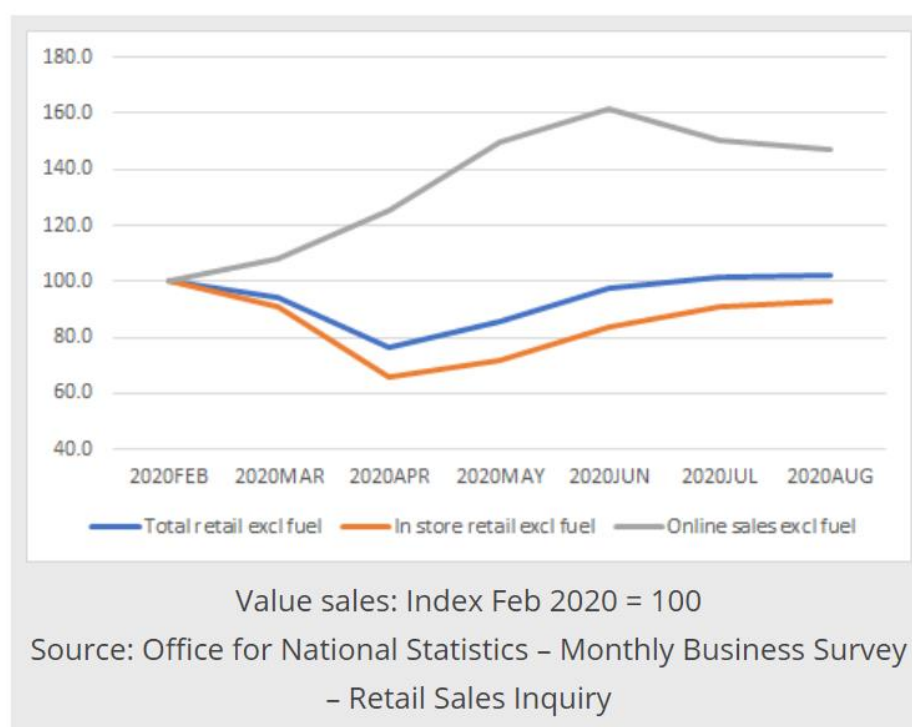


Figure 1.2.: Value Sales for Great Britain. Source: (Office for National Statistics, 2020)

Further research from the Office of National Statistics (2020) highlighted how in-store sales currently remain more than a quarter below pre crises levels, whereas online retail figures are over 50 per cent higher than sales at the start of the year. It is therefore evident that the

pandemic has largely impacted upon the concentration, demand and volume of consumer's in the online retail market, opening up the opportunity for online retailers to fall vulnerable to price sensitivity and the threat of backward integration. A large strategy incorporated by Amazon Prime to adapt to this change is the ability to prioritize in-demand products. The organisation placed items such as hand sanitizer, protective wear and toilet paper as taking precedence in its warehouses (Palmer, 2020). Amazon also focused on coronavirus-protection with a \$4 billion investment that also covered the launch of its own COVID-19 testing facilities - described as the first "vaccinated supply chain" suggesting that consumers will be more likely to purchase goods from a service that has committed to being virus-free (Semuels, 2020). It is through strategies such as these that Amazon has adapted to COVID-induced changes in consumer behaviour to capitalise on the increase in demand and continue to dominate the competitive market.

Amazon has implemented the principle of Porter's Five Forces model through the evaluation and diagnosis of its external environment in aid of profit potential. It is evident that Amazon's various coopetition-based strategies and ability to adapt against the backdrop of a pandemic have successfully contributed to the growth and profitability of the organisation and substantially improved Amazon's position within the e-commerce market. It does however remain clear that there exists an opportunity for Amazon to utilise a more open and integrated strategy with company stakeholder's and competitors to gain new and creative perspectives and thus help to re-shape their approach to delivering high quality customer care.

Blue Ocean Strategy

Exceptional customer experience also incorporates value creation. To analyse Amazon's approach to value creation, a review has been carried out of the Blue Ocean Strategies incorporated by both Amazon as a whole and Amazon Prime solely. Blue Ocean Strategy refers to a business strategy framework that focuses on implementing change as an essential supplier of high business growth (Tushman and O'Reilly, 1997). This framework differs from conventional strategies in that it seeks to create new market spaces to both avoid competitors

and capture new demand, thereby focusing on change rather than stability (Lindič et al., 2012). Highlighted by Leather (2014) as one of the most effective ways to create blue oceans is to plan and provide unique and distinctive customer experiences, and thus create value that is aberrant from the market.

Through the continual development and optimization of its own processes, Amazon has consistently created blue oceans through extending its products into services; including customer care, e-commerce technology services and warehousing (Lindič et al., 2012). An example of this is the creation of Amazon Alexa which is evidence of the organisation's strategic approach to entering the audio-visual market and further expanding its umbrella of services (Tiwary, 2020). It is through this approach that a large number of Amazon's direct competitors, such as Netflix and Target, have now become its customers - suggesting further that Amazon's constant supplementing of its original business model has enabled further growth (Lindič et al., 2012).

Amazon's Blue Ocean strategic approach has enabled the organisation to develop value innovations and therefore create new demand in an uncongested market space (Chandrakala and Devaru, 2013). This approach has also enabled Amazon to deliver customer care in the form of extensive product offerings.

Technology

When it comes to economic theory, Browning and Browning (1983) discuss how a company has an obligation to pursue and implement the best obtainable production technique. Basic microeconomic theory states that if new technology is considered more cost-effective than the current method, then this route should be explored by an organisation (Welch, 2015). In Amazon Prime's case, it appears that the company's constant search for new innovative products is continuing to mould with advanced technology; with the latest innovation taking form as "Amazon Prime Air". Amazon Prime Air is a futuristic delivery system aimed to fly Amazon packages to customers' doorsteps within 30 minutes of ordering providing the order is less than £5, which according to Bezos is 86% of currently sold packages (Pandit and Poojari,

2014). Despite the much-discussed concern of Amazon Prime Air, Amazon Vice President of Global Public Policy Paul Misener stated,

“One day, seeing Amazon Prime Air will be as normal as seeing mail trucks on the road today, resulting in enormous benefits for consumers across the nation” (Amazon.com, 2014).

A large proportion of Amazon Prime’s success and customer loyalty has come from its ability to provide speedy delivery, yet Amazon Prime continues to strive to differentiate itself from its competitors. Amazon Prime continually searches for ways in which it can cut costs, rather than raise prices; with one of the company’s largest expenses being delivery (Welch, 2015). By entering into the transportation market through Amazon Prime Air, the company enables itself to cut out the middle man and thus increase its profit margin, efficiency, error reduction and extend its cost savings to customers through lower priced goods (Welch, 2015). The use of drones could also be classified as both labour-saving and capital-using within Salvatore’s (2001) book of Economic Growth and International Trade, whereby it discusses the concept that improvements in technology can be utilised in substituting labour with technology to produce more capital. By Amazon Prime utilising new technology to improve capital gains, they are implementing a blue ocean strategy that is built from the use of new technology and product innovation to expand existing industry boundaries and maximise new market opportunities (Kim, 2016). It could therefore be said that Amazon Prime’s consistent innovation of their products and services has acted as a key value contributor as addressing the practical needs of their customers has offered an enormous leap in value.

Porter’s Generic Strategies

Further external analysis has been carried out using Michael Porter’s 1980 Competitive Strategies framework. Porter’s model identifies three ways in which a company can pursue and maintain competitive advantage; cost leadership, differentiation and focus (Tanwar, 2013).

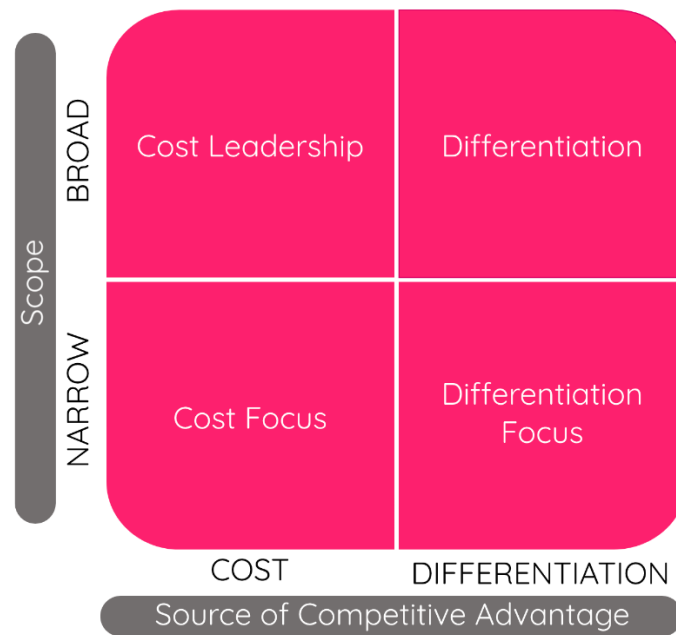


Figure 1.3.: Porter's Generic Competitive Strategies. Source: (Google Images, 2020)

When a company effectively implements a differentiation strategy, they aim to provide a unique or superior value to the customer that both sets them apart from competitors and allows them to capture market share (Akan et al., 2006). Amazon Prime's ability to foster innovation and creativity through the expansion of Amazon Prime into Amazon Prime Air is evidence of the organisation expanding its products into a new and unique service that has yet to be offered in the market and therefore is a successful differentiation strategy. Mintzberg (1988) also discusses the strategic importance of differentiation in relation to customer care, stating that differentiation should reflect the market opportunities that exist based off the mind of the customer, rather than the collective mind of the organisation. Differentiation strategies that are created this way are more likely to positively effect actionable performance goals such as customer satisfaction and loyalty (Souitaris and Balabanis, 2007). Amazon Prime Air has essentially derived from the customer delivery needs that sparked the creation of Amazon Prime and thus is a strategy that is directly contributing towards customer satisfaction whilst also creating an uncontested market space.

The cost leadership approach within Porter's generic strategies aims to use a low-cost structure that incorporates mindset, manufacturing, economies of scale and a workforce committed to a low-cost strategy (Akan et al., 2006). According to Tanwar (2013) sustaining

this strategy involves continually searching for cost reduction opportunities. As an online retailer, Amazon Prime relies heavily upon labour-saving technology as the foundation for increased efficiency and effectiveness. The drones utilised within Amazon Prime Air would be substituting the need for human labour in package delivery, therefore reducing and reallocating labour costs to improve efficiency and human error reduction (Welch, 2015). It is therefore evident that Amazon Prime's latest innovation is largely utilising Porter's cost leadership strategy through making consistent efforts to introduce services that will reduce costs and develop their economies of scale.

The third strategy highlighted within Porter's Generic Competitive strategies is a focus-based approach. A focus strategy aims to gain a competitive advantage by focusing on a small number of narrow market segments therefore better meeting the needs of the selected target markets (Tanwar, 2013). Within online environments, modern day internet technology allows companies such as Amazon Prime to further analyse fragmented consumer markets through monitoring their online behaviour and therefore companies can focus their offerings to meet the specific needs of each market (Souitaris and Balabanis, 2007). Amazon Prime has already addressed fast delivery as a fundamental need of its target markets and an essential offering in retaining loyal customers. The expansion of Amazon Prime into Amazon Prime Air portrays the firm's ability to address the changes in the preferences of its consumers and exceed their expectations, whilst also being able to adapt to changes and taste in the modern environment (Islami et al., 2020).

It is therefore clear that Amazon Prime has largely incorporated the integration of differentiation, focus and cost leadership in their approach to customer care to gain a competitive market advantage, generate higher profits and meet the needs of consumers.

Internal Analysis

Customer care strategy

To evaluate Amazon Prime's internal approach to customer care, the use of the Ansoff Matrix has been incorporated. The Ansoff Matrix is a strategic planning tool that presents four strategies that aid a firm's growth and strategic direction; Market Penetration, Market Development, Product Development and Diversification (Loredana, 2017).



Figure 1.4.: The Ansoff Matrix 1957. Source: (Google Images, 2020)

Beneficial to all four elements highlighted by Ansoff is market segmentation, whereby companies are able to divide a heterogeneous market to ensure their marketing is efficient. Amazon Prime has successfully segmented its consumers by assessing their purchase behaviour, therefore targeting each segment solely on their actions (Bhasin, 2018). This has enabled Amazon Prime to individually transform visitors to their site into long-term, high

value customers through the use of demographic and psychographic division (Bhasin, 2018). Similarly, Amazon Prime's segmentation also involves understanding the mind of its consumer, for example, using online convenience and low prices to target consumers with a lack of time or income (Willow, 2019). These approaches directly correlate with the Market Penetration strategy highlighted within the Ansoff Matrix whereby Amazon Prime are using knowledge of its current market to expand product sales within that same market. Increasing the understanding of a domain can also be considered as gaining a demand-side perspective which increases competitive advantage (Priem et al., 2018). Amazon Prime also produces a yearly Consumer Behaviour Report based on thousands of surveys completed by Amazon Prime shoppers. The strategic decisions made by Amazon Prime are therefore driven by the opinion of its consumers, following the belief that if customers are happy, they will remain loyal (Thackston, 2019).

One example of this is the creation of Amazon Prime itself. At the time of launch, free shipping was not commonplace, and online deliveries were frequently met with delayed delivery time (Weigel, 2018). This launch correlates with the product development strategy highlighted within the Ansoff Matrix, whereby Amazon attempted to achieve growth through the creation of a new product to an existing market. The product development element is a hybrid strategy for growth that focuses on creating a new item for market consumption to replace existing ones and ultimately boost market share to remain competitive over rival firms (Ansoff, 1957). To understand what product's will be successful however, firms need to be aware of their consumers underlying needs, wants and demands (Davies and Smith, 2004). Amazon Prime's use of its customer surveys and frequent customer engagement has given the organisation the appropriate understanding and knowledge of its consumers wants and needs and therefore allowed the firm to successfully apply the Product Development strategy discussed within the Ansoff Matrix to launch a coveted product to aid in the firm's success.

Fast forward to the online shopping market of today, 62% of people stated free shipping as the most important service when online shopping, a now widely available service that might not have existed without the audacious business decisions of Amazon (Weigel, 2018). Essentially, Amazon both created and institutionalised the concept of fast, free delivery which largely projected the company to the forefront of the e-commerce world and created a large shift in which other businesses had to follow suit in order to remain competitive. It could

therefore be said that Amazon Prime’s commitment to understanding their customer’s needs and wants has been a key value contributor in the organisation delivering high customer satisfaction and successful customer care, making them also imperative elements of successful future strategic directions.

The commitment of Amazon Prime to create value could also be analysed using Porter’s Value Chain.

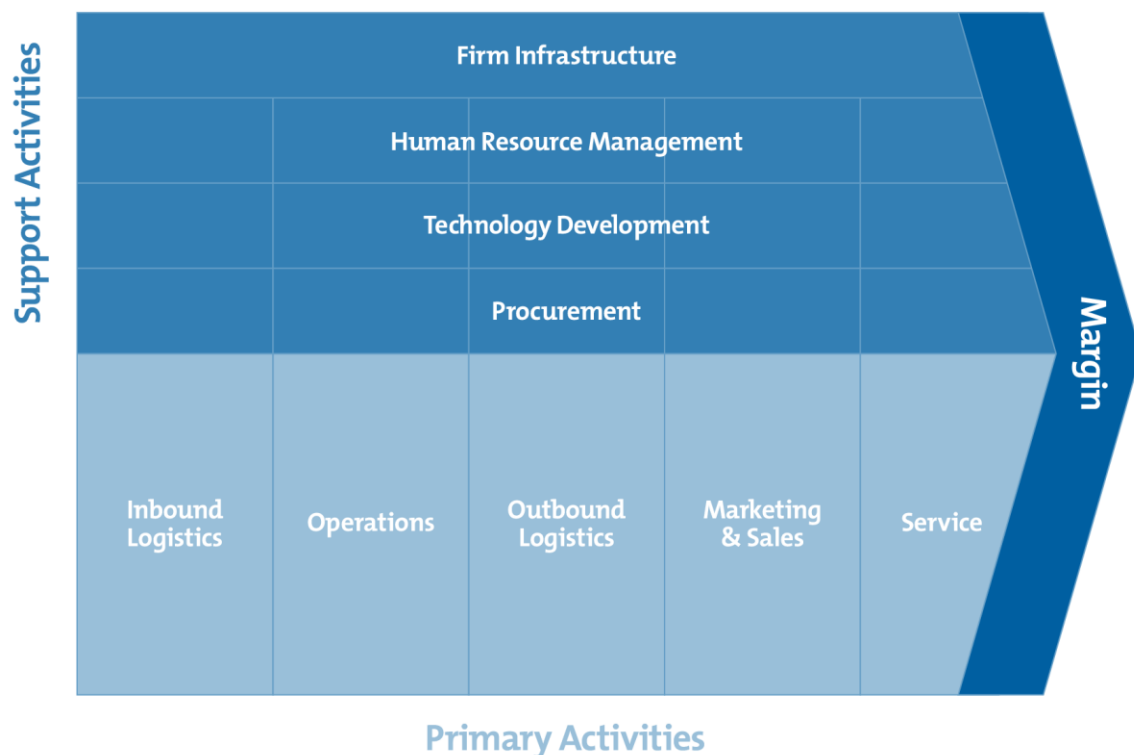


Figure 1.5.: Porter’s Value Chain 1985. Source: (Google Images, 2020)

Porter’s Value Chain is a sequence of value-enhancing activities that allows organisations to maximise the value they create through reviewing their individual activities and how their connected to one another (Porter, 1985). Amazon Prime charges an upfront membership fee, and with an estimated 30 million Prime subscribers, it is clear that Amazon Prime captures value upfront in exchange for Prime benefits, whilst also benefitting from increased purchases from these customers (Fox, 2015). Reports have estimated that regular Amazon customers spend on average \$600 annually, compared to \$1,400 spent on average by Prime members proving the sheer importance of Prime customers to Amazon’s profitability (Green, 2018).

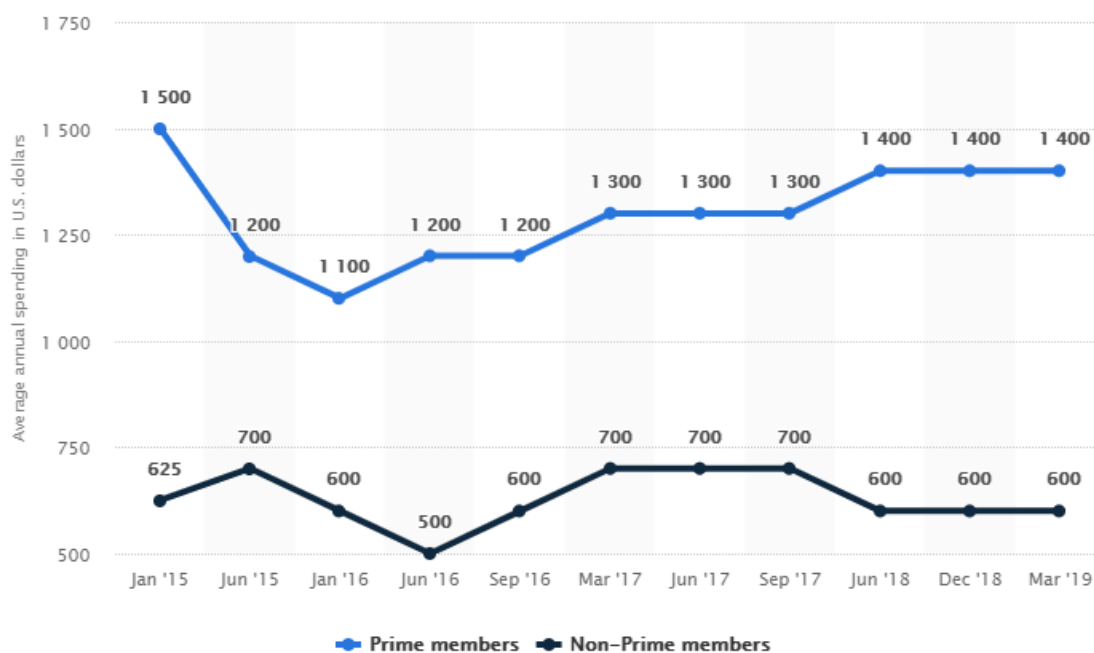


Figure 1.6.: Average annual amount spent on Amazon according to U.S. Amazon Prime and non-Prime members as of March 2019. Source: (Statista, 2019)

This has created a paradoxical situation whereby customers are paying for their value in the form of convenience which encourages them to buy more, and this increased spending proliferates revenue and business growth thereby adding more value back in to the organisation (Fox, 2015). Amazon is laser focused on customers and rather than starting with the idea of a product – they work from a customer perspective to create ideas that will generate legitimate value (Ladd, 2018). An example of this is Amazon’s extension of logistics services to third-party sellers enabling the smaller sellers to create value. This enables Amazon to capture value through expanding their breadth of product offerings to customers and also allocating a percentage of the cost of each sale to third-party sellers (Fox, 2015). Through separating Amazon’s activities into strategically relevant pieces, it is clear to see that value is largely created and harnessed through its Prime benefits, that includes extensive product offerings and convenience. Considering the VRIO framework, Amazon’s ability to capture value through these means could also be viewed as a source of sustained competitive advantage as it allows the organisation to use these valuable resources to both exploit

opportunities and nullify potential threats. These could therefore be beneficial internal capabilities for formulating and implementing future strategic decisions.

SWOT Analysis

A SWOT analysis has been carried out to further aid the internal analysis of Amazon Prime's approach to customer care and offer insights that can help re-shape the organisation's strategic direction. A SWOT analysis involves the recognition and evaluation of strengths, weaknesses, opportunities, and threats of an organisation - that can then be used to generate strategic insights (Valentin, 2001).

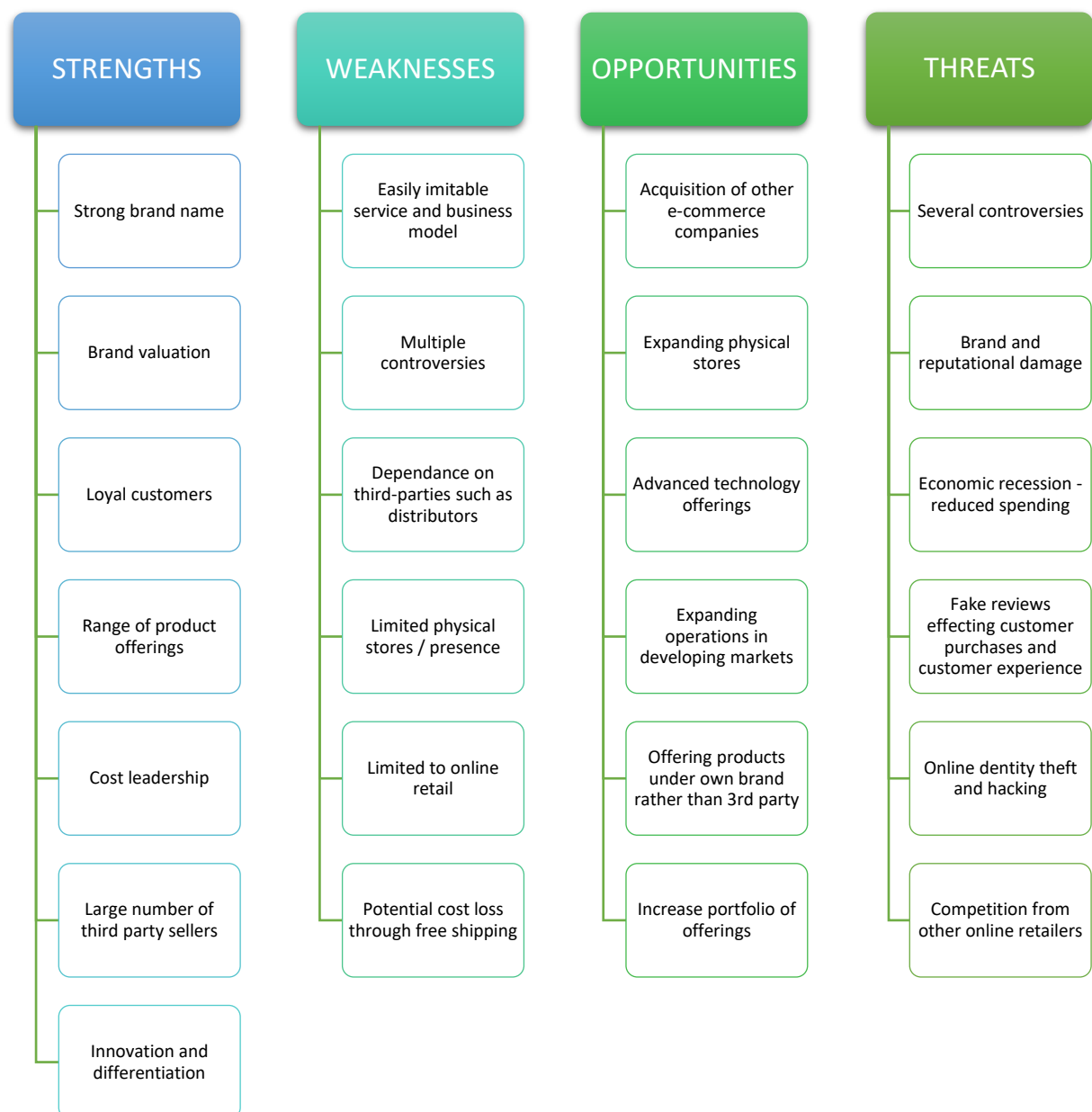


Figure 1.7.: SWOT analysis for Amazon Prime. Source: (James-Deane, 2020)

Strengths

The strengths of Amazon Prime have been identified as internal strategic factors. One large strength of Amazon Prime is its strong brand name. Amazon as a whole holds an extremely successful brand position, officially beating Apple and Google in 2019 to be named the world's most valuable brand at a staggering brand worth of \$315.5 billion (Hammett, 2019). It appears Amazon has been able to achieve brand resonance through effectively connecting the positive values and brand associations from Amazon as a whole, such as ease of use and reliability – and successfully apply these to other areas of the business, such as Amazon Prime (Hammett, 2019). Evidence from Keller (2001) suggests that customers convey a higher level of loyalty to brands with a high resonance, so much so that they actively pursue opportunities to both interact with the brand and share their experiences with others. A strong brand name also emotionally connects target prospects to a product, and very often acts as the source of a promise to the consumer (Lake, 2020). Amazon Prime's successful brand strategy is evidence of the organisation's ability to truly understand its consumers and place them at the heart of the brand. This has enabled Amazon Prime to gain loyal customers and achieve substantial competitive advantage. The success of Amazon Prime's brand name and brand valuation could therefore be seen as one its key strategic capabilities for long-term sustainable competitive advantage.

Weaknesses

Further analysis of Amazon Prime's internal strategic factors highlighted its easily imitable service as a weakness of the organisation. With the digital world growing year on year, online retail services using similar business models to that of Amazon Prime are becoming common

place which could create an even larger competitive landscape to compete in (Gupta, 2020). A surplus of modern day B2B service organisations are also now enabling almost any organisation to easily copy another company's products or services, meaning even high-end offerings and new-to-market technologies are being turned into commodities (Plantes, 2020). It is also argued that most successful business models will eventually be to some extent imitated (Teece, 2018) meaning that this could be seen as an unavoidable outcome for Amazon Prime.

An additional weakness identified is that online retail giants such as Amazon Prime are not able to connect with small communities, give shoppers personalized experiences or push forward social ideals in the same way that small businesses can (Aldrich, 2019). Amazon Prime could therefore be considered weaker than small businesses when it comes to the ability to connect with consumers in a local context.

Opportunities

Highlighted as a key opportunity for Amazon Prime is the acquisition of other e-commerce companies. The sheer growth rate and profitability of Amazon Prime means the business is in a highly favourable position to acquire other companies which would directly reduce the threat of competitors whilst also increasing the market share of the business. The opportunity of business acquisition also allows Amazon Prime to gain greater customer-centricity as purchasing a separate business could potentially add new products to the existing line which would benefit Prime buyers and grow the customer base; whilst also potentially adding new technical expertise to the business (Pfund, 2018).

Additionally, there is often a large amount of criticism of companies such as Amazon Prime and the effect they have on small businesses. According to Power (2013) when smaller merchants use Amazon Prime as a platform to sell their product's they instantly lose control over their brand, as well as losing the ability to offer a unique interaction for their customers. Amazon Prime also possesses a fee structure that is unprofitable for smaller merchants, meaning many businesses cannot afford to work with them but cannot compete against them as a standalone (Power, 2013). Small businesses connect with their customers on a deeper

and more personal level which is a sought-after experience in an age where consumers are unfulfilled with generic experiences and cautious of large corporations (Aldrich, 2019). This creates an opportunity for Amazon Prime to re-shape their customer care through seeking to adapt the warm traits of a small business such as a more personal, hands-on and memorable customer experience, and incorporate this into their services. There also exists the opportunity to alter policies for smaller merchants using Amazon's services and find a balance that allows profitability, uniqueness and growth for both segments.

Threats

Whilst a strong brand image was highlighted as a strength of Amazon Prime, there have been several controversies in recent years that have caused significant damage to the brand. Most recently, Amazon received formal charges from the European Commission for illegally misrepresenting competition within the online retail market (Briancon, 2020). There has also been controversy over Amazon Prime suppressing the sales of products that are deemed as competition to Prime products, such as banning the sale of Apple TV and Google Chromecast on Amazon back in 2015 (Streitfeld and Benner, 2015). These accusations of anti-competitive and monopolistic behaviour can cause significant reputational damage to the brand name. Amazon Prime also faces threats from hard-hitting competitors. Criticism of their business practices and policies alongside damage to brand image and visibility could therefore mean that Amazon Prime is more vulnerable to the threat of aggressive competitors in the ever-growing online retail market.

Resilience and Future Sustainability

It is evident to see that Amazon Prime's current approach to strategy largely focuses on technology innovation and advanced logistics to drive customer care and satisfaction. With the world becoming exponentially more complex however, it is now more important than ever for organisations to develop a new operating model for customer service to ensure future sustainability, one that incorporates empathy, care and concern (Diebner et al., 2020).

Sustainability has been summarised in recent literature as the concern for the triple bottom-line of people, planet and profit (Painter-Morland et al., 2016). Throughout the COVID-19 pandemic, the experience and care that organisations offer both their customers and the broader community in the short term will contribute to the creation of long-lasting positive relationships after the COVID-19 crisis (Diebner et al., 2020) therefore reinforcing the importance of customer care to ensure future sustainability.

In order for Amazon Prime to nurture future sustainability, it is also important to incorporate resilience into their strategies. According to Linnenluecke (2017);

"The term 'resilience' has been used at the organizational level to describe the inherent characteristics of those organizations that are able to respond more quickly, recover faster or develop more unusual ways of doing business under duress than others".

Though resilience and sustainability are two separate concepts, the joint implementation of sustainability and resilience, or more commonly, the focus on resilience as a necessary component of sustainability, can largely drive action and management (Marchese et al., 2018) and therefore have been incorporated into the report recommendations.

Conclusion

To conclude, Amazon Prime's innovative product and service offerings, coopetition strategies and market segmentation have been highlighted as the firm's key strategic capabilities for long-term sustainable competitive advantage. The report findings suggest that the organisation continually innovates its business model to create new offerings that both ensure profitability and differentiate the organisation from its competitors. Despite this, there exists a paucity in the findings of strategic emotional relationships, suggesting that there is room for Amazon Prime to re-shape its strategy with a greater focus on customer connection and emotion. In order to continue to deliver innovative customer care, ensure future resilience and gain a sustainable competitive advantage, three recommendations have been created and can be found below. These recommendations are aligned with the strategic management framework of Porter's Value chain, as having reviewed the primary and support activities of Amazon, it is clear there are areas where value can be increased which enables the organisation to be more sustainable and also build competitive advantage.

Recommendations

- The first recommendation is for Amazon Prime to incorporate a shift towards the large-scale promotion and acknowledgement of the independent brands selling products through their platform. This could include a re-design of the Amazon Prime website to make brand and business names clear when purchasing individual items, and also allowing for individual sellers to have visible logo's or brand colours displayed beside their products. This strategy could also look to incorporate a re-structure of Amazon seller fees to adapt a more affordable and profitable approach for merchants. These changes would also offer a more personalised and authentic shopper experience for Amazon customers. With online retail giants being continually criticised for their damage to smaller businesses and their lack of authenticity; this strategy would signify the organisation's dedication and support to smaller businesses particularly during the COVID-19 crisis, thus significantly improving brand image and sustainable competitive advantage.

Amazon's Choice



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Zhichengbosi Christmas Cushions, 4 PCS Cushion Covers Christmas Decoration Pillow Case, 45 cm x 45 cm Merry...

★★★★☆ ~ 44

£13⁹⁹

Save 6% with voucher

Get it **Saturday, Nov 28**
FREE Delivery on your first order shipped by Amazon

+ 2 colours/patterns

Sponsored ⓘ

Puimentuia Pillow Covers Set of 4 Home Office Living Room Sofa Cushion Cover Merry Christmas Pillow Case Throw Cushion Cov...

★★★★☆ ~ 2

£15⁹⁹

Get it **Saturday, Nov 28**
FREE Delivery on your first order shipped by Amazon

Figure 1.8.: Products for sale on Amazon as they currently appear in a duplicate fashion. Source: (Amazon.com, 2020)

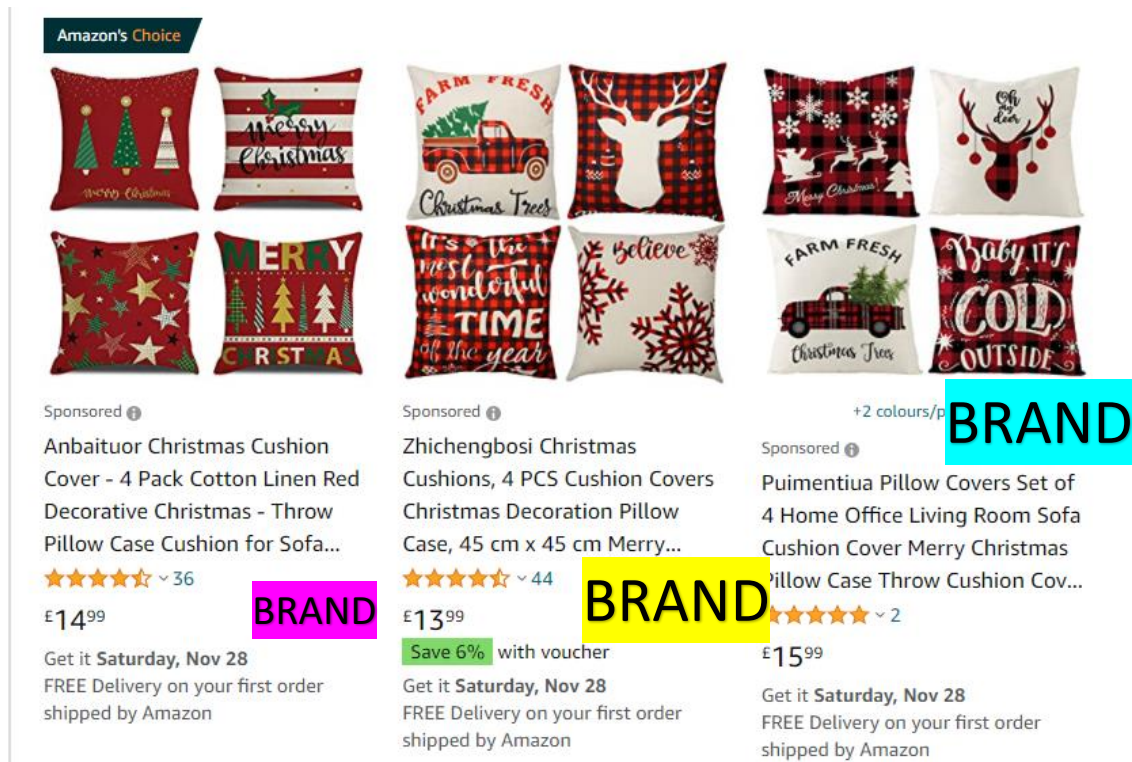


Figure 1.9.: Possible options of re-design to incorporate small business brands to help with promotion, and offering uniqueness and individuality. Source: (Amazon.com & James-Deane, 2020)

- The second recommendation is for Amazon Prime to build long-lasting relationships with its consumers by accelerating promotional activities that centre upon the organisation's commitment to care for its customers, employees and the wider community. This involves re-shaping Amazon's current offering of customer care by creating a shift from products, innovation and reliability to care, connection and empathy. Amazon Prime should look to reach out to those in the community effected by the current COVID-19 pandemic to offer services such as temporary work opportunities in delivery and warehousing, or access to essential household items at a discounted rate for families struggling financially. The role that Amazon Prime plays in the broader community during a crisis will likely leave a long-lasting memory among individual's and so is a vital strategic approach to connect with customers on an

emotional and human level, provide real value and create long-lasting consumer relationships. This proposed strategy would also benefit other areas of the organisation as the extra temporary staff would help with the current high demand and there would likely be an increase in positive word-of-mouth affiliations with Amazon therefore potentially reducing marketing costs.

- The third and final recommendation is for Amazon Prime to continually seek out technological advancements that allow the organisation to understand their customers on a deeper level and predict their needs before they happen. This would increase customer convenience which was highlighted as a valuable resource of Amazon within the Porter's value chain analysis and the VRIO framework. By truly knowing their customers and their future needs, the organisation can pre-emptively resolve issues and offer a more personalized service thus gaining a competitive advantage through the offering of innovative customer care.

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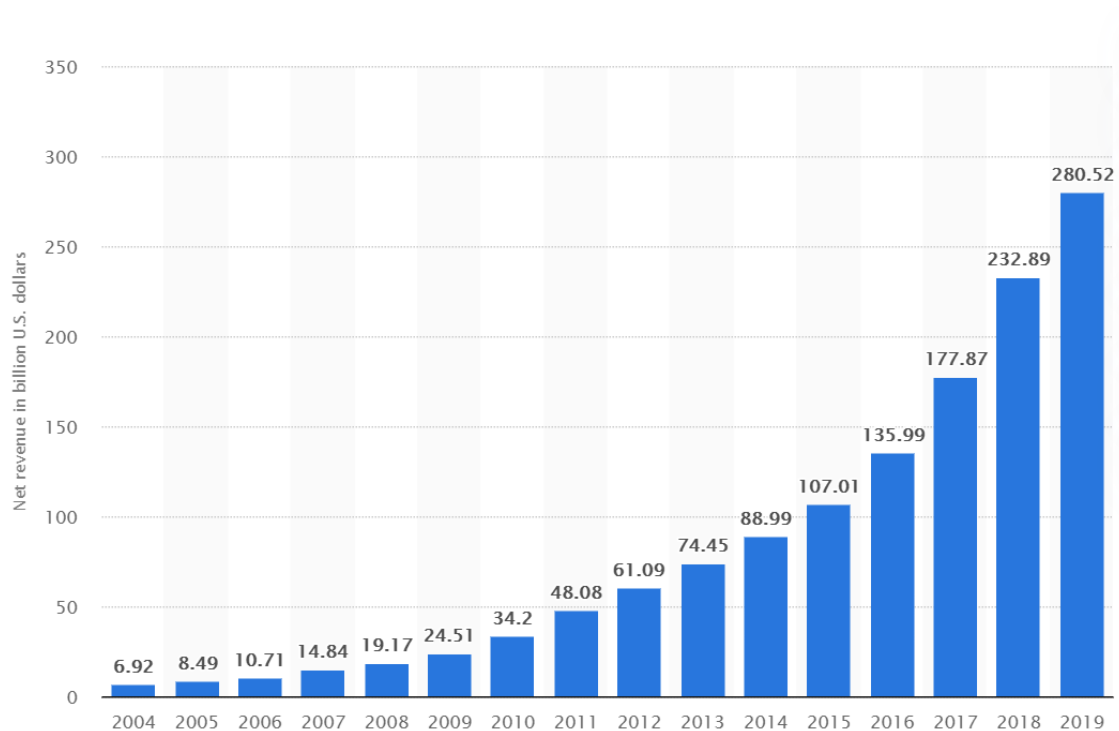
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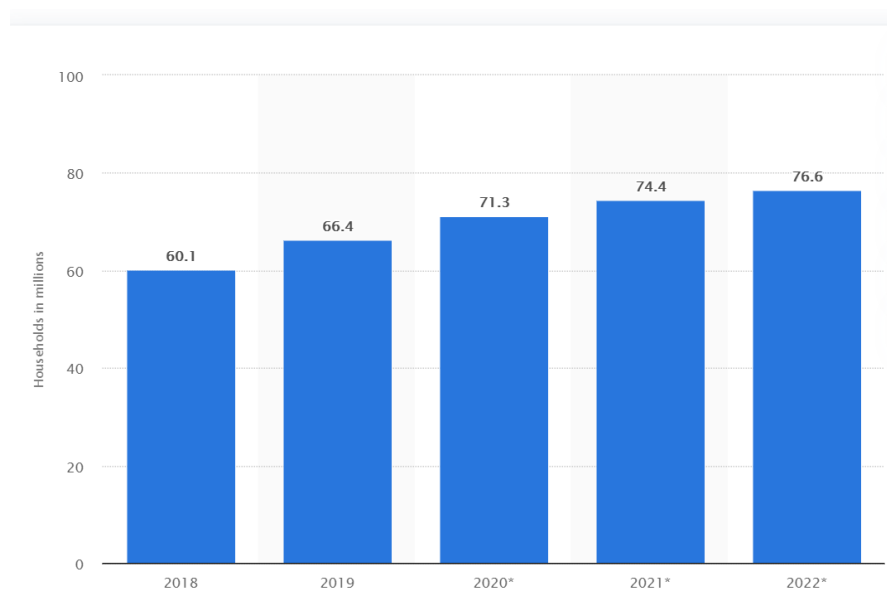
Appendices

Appendix A: Annual net revenue of Amazon from 2004 to 2019.



Source: (Statista, 2020)

Appendix B: Total number of households in the United States with an Amazon Prime subscription from 2018 to 2022.



Source: (Statista, 2020)

