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SECTION 1: STRATEGIC ANALYSIS OF AMAZON.COM, INC.

1. Organisational Context and Overview

Amazon.com, Inc. was started in 1994, as an online bookstore that started in a garage in Bellevue, Washington, run by Jeff Bezos. The company evolved into an enterprise with diversified technology and commerce in just ten years that changed the landscape of retail, cloud computing and digital media globally. Nowadays, Amazon has one of the most advanced and extensive business ecosystems in the world, which is managed by its CEO Andy Jassy, who replaced Bezos in July 2021 (Amazon, 2024).

The mission statement of Amazon is to become the most customer-centric company on Earth and its vision is to become the best employer and safest place to work on Earth (Amazon, 2025). These two demands have fueled the unremitting logistics automation, cloud technology, and artificial intelligence investments at the company. The business model of Amazon is designed based on a multi-sided platform business strategy: Amazon delivers services to consumers via its online stores marketplace, enterprises via Amazon Web Services (AWS), creators via Amazon Prime Video and Kindle, and advertisers via its rapidly developing digital advertising marketplace.

Overall Thesis of This Report: This report hypothesizes that despite Amazon's having historically benefited from sustained competitive advantage through its vertically integrated model (AWS computing services, global delivery network and Prime subscription) there are three convergent forces now threaten this advantage: (1) the commoditisation of generative AI that is rapidly undermining the differentiation of AWS; (2) increasing antitrust and regulatory scrutiny, most notably the pending FTC case set to begin in October 2026; and (3) the rise of labour relations tensions, as evidenced by unionisation and concern about working conditions. As a result, Amazon should move away from market-power exploitation and adopt the shared-value concept advocated by Porter and Kramer (2011) in the form of vertical integration in AI silicon (Trainium and Inferentia chips) and active marketplace reform, rather than less synergetic diversification into healthcare and satellite internet.

Amazon enjoys market dominance in various segments. It controls about 43 percent of e-commerce market share in the US (2025), is the global leader in cloud infrastructure

market share (30 percent) (Synergy Research Group, cited in Statista, 2025) and the third-largest online advertisement platform in the world. Key rivals are Walmart and Shopify in e-commerce and Microsoft Azure and Google Cloud in cloud computing and Netflix and Disney+ in streaming. During the fiscal year 2025, Amazon realized a net income of 77.7 billion on total revenue of 716.9 billion which is a year-on-year revenue growth of 12.4 billion as compared to the previous fiscal year (Macrotrends, 2025a).

Table 1: Amazon at a Glance (2025)

Metric	Data
Founded	1994, Bellevue, Washington, USA
CEO	Andy Jassy (since July 2021)
Full-Year Revenue (2025)	\$716.9 billion (+12.4% YoY)
Net Income (2025)	\$77.7 billion (+31% YoY)
AWS Cloud Market Share (Q2 2025)	30% (Global Leader)
US E-commerce Market Share (2025)	~43%
Employees	~1.5 million globally (2024)
Market Capitalisation (April 2026)	~\$2.2 trillion (NASDAQ: AMZN)
Key Competitors	Walmart, Microsoft, Google, Alibaba, Netflix

Sources: Amazon Annual Report (2024); Macrotrends (2025); Statista (2025)

2. External and Internal Environment Analysis

2.1 PESTEL Analysis

The PESTEL framework provides a structured method for analysing the macro-environmental forces shaping Amazon's strategic decisions (Johnson, Whittington and Scholes, 2023). Each dimension is examined critically below.

Table 2: PESTEL Analysis of Amazon (2025–2026)

Factor	Key Forces	Opportunities	Threats
Political	-FTC antitrust trial (Oct 2026); - EU Digital Markets Act (DMA); -US-China trade tensions	-Regulatory clarity post-litigation; -Government cloud contracts (e.g., JEDI, NHS)	-Forced divestiture of AWS; -Marketplace restructuring
Economic	-Global inflation moderating in 2025; -Consumer spending resilience; -Rising B2B cloud demand	-Growth in Prime subscriptions; -AWS enterprise spend rising 25% YoY	-Margin pressure from \$200bn CapEx 2026 cycle (Reuters, 2026); -FX volatility in international segments
Social	-Shift to online shopping post-COVID; -Gen Z sustainability consciousness;	-Rising Prime membership value; -Demand for same-day delivery; -ESG-conscious investors	-Labour unionisation; -worker wellbeing scrutiny; -Brand reputation risks

	-Gig economy growth		
Technological	-Generative AI explosion; -custom silicon (Trainium, Inferentia); -satellite connectivity (Project Kuiper)	-AI-driven customer personalisation; Alexa+ upgrade; -AWS Bedrock expansion; Project Leo revenue by 2030	-Competitors (Microsoft, Google) closing AWS gap; -AI commoditisation risk
Environmental	-Net-zero 2040 commitment; -100% renewable energy achieved (2024); -100,000 electric delivery vans by 2030	-Green brand differentiation; -Climate Pledge attracting 500+ signatories; -Carbon credit marketplace (2025)	-Scope 3 emissions from third-party sellers; -Data centre water usage scrutiny
Legal	-FTC v. Amazon antitrust case; -EU DMA compliance; -GDPR data privacy obligations; -\$2.5bn FTC fine (2025)	-Proactive compliance building trust with regulators; -Stronger IP protection for AWS	-Structural breakup risk; -Restrictions on private-label promotion; -Employee rights litigation

Source: Author's analysis drawing on Federal Trade Commission (2023); Amazon (2024); European Union (2023)

The FTC v. Amazon antitrust trial in October 2026 is the most material legal risk to Amazon politically due to its timing, and it is the most material legal risk to the company. The FTC accusation is that Amazon has the monopoly to drive up prices and kill any third-party seller competition (Federal Trade Commission, 2023). Digital Markets Act (DMA) has already forced Amazon to change the way it is displaying its products in private labels that increase the fairness of third-party competition in Europe (European Union, 2023; Amazon, 2025). Such regulatory dynamics pose important strategic restrictions, which constrain the ability of Amazon to exercise its market power.

The competition to build generative AI into all business functions has become a hallmark competitive domain, technologically. To minimise its dependence on third-party vendors, AWS released its own foundation model service, Bedrock, and has been investing in its own silicon chips (Trainium and Inferentia) to decrease the need to rely on NVIDIA and others (Amazon, 2025). The introduction of an AI assistant called Alexa+ that provides contextual assistance and the Project Kuiper, a \$10-billion low-orbit satellite internet network can be seen as evidence that Amazon wants to build a fully new technological infrastructure (Amazon, 2025). The global cloud infrastructure market is estimated to be \$99 billion in Q2 2025 and is projected to grow by 25 percent annually, which provides huge tailwinds to AWS (Synergy Research Group, 2025).

2.2 Porter's Five Forces Analysis

Porter's (1980) framework is applied separately to Amazon's two primary segments: e-commerce and cloud computing (AWS), as treating them as a single industry obscures critical differences.

Table 3: Porter's Five Forces – Comparative Analysis

Force	E-commerce (Amazon Retail)	Cloud Computing (AWS)
Threat of New Entrants	Medium- Low barriers for niche players (Shopify), but high barriers for full-scale logistics	Low - Capital requirements (\$billions for data centres) and switching costs create near-insurmountable barriers
Bargaining Power of Suppliers	Low-Medium - Amazon's scale dominates most suppliers; Exception: semiconductor chips (NVIDIA)	Medium- Custom silicon reduces NVIDIA dependency, but talent (AI engineers) has high bargaining power
Bargaining Power of Buyers	Low for individual consumers; High for enterprise AWS customers with multi-cloud strategies	Medium-High- Large enterprises negotiate aggressively; Multi-cloud adoption increases buyer power
Threat of Substitutes	Medium- Physical retail remains relevant; AI shopping agents (Perplexity, OpenAI) could disintermediate	Medium- Azure and Google Cloud are direct substitutes; Open-source AI models may reduce platform lock-in
Competitive Rivalry	High- Walmart, Alibaba, Shopify compete aggressively on price and delivery	High- Microsoft Azure (20% market share) and Google Cloud (13%) are closing the AI gap

Source: Author's analysis based on Porter (1980); Statista (2025)

Critical insight: The biggest risk that cannot be easily explained within the framework of the classic Five Forces are the appearance of AI-driven shopping agents. In case the consumer delegation of purchasing activity to AI assistants (e.g., Perplexity, the future

tools of OpenAI) occurs, the marketplace offered by Amazon might be diminished to a commodity fulfilment service, and the AI agent will grab the customer relationship and advertising income. This is a structural disintermediation threat that a framework by Porter, built to deal with stable boundaries between industries, finds it difficult to cope with.

2.3 VRIO Framework Analysis

The VRIO framework, developed by Barney (1991), evaluates the strategic value of a firm's resources and capabilities by asking whether they are Valuable, Rare, Inimitable, and supported by the Organisation. This framework identifies which capabilities underpin Amazon's sustained competitive advantages.

Table 4: VRIO Analysis of Amazon's Core Resources and Capabilities

Resource / Capability	Valuable ?	Rare?	Inimitable ?	Organised ?	Competitive Implication
AWS Cloud Infrastructure	YES	YES	YES	YES	Sustained Competitive Advantage-30% global cloud market share; Highest margins in Amazon
Global Fulfillment & Logistics Network	YES	YES	YES	YES	Sustained Competitive Advantage- Same-day delivery; 30+ years of logistics optimisation

Prime Membership Ecosystem	YES	YES	YES	YES	Sustained Competitive Advantage- 200m+ subscribers; Cross-service lock-in
Customer Data & AI Personalisation	YES	YES	PARTIAL	YES	Temporary/Sustained Advantage- Rivals rapidly building AI data capabilities
Brand Equity & Trust	YES	NO	NO	YES	Competitive Parity – Strong brand but global competitors (Walmart, Google) also enjoy high trust
Digital Advertising Platform	YES	PARTIAL	PARTIAL	YES	Temporary Advantage – Growing fast but Google and Meta maintain dominance

Source: Author's analysis based on Barney (1991); Amazon Annual Report (2024)

Critical reflection: The VRIO analysis shows that the most powerful benefits that Amazon can have are physical and systemic (logistics, cloud infrastructure) and not necessarily digital or brand-centric. This is noteworthy, since physical benefits are more difficult to imitate as compared to software benefits. Nevertheless, the analysis also reveals a weakness: the customer information and AI customization, which is often referred to in

regards to the secret sauce of Amazon, are short-term positive as competitors quickly obtain the same information and AI tools. To sustain this advantage, Amazon needs to be constantly innovative in AI that is why the CapEx investment is 200 billion dollars.

2.4 CSR and Sustainability Objectives

The Corporate Social Responsibility approach of Amazon has moved beyond compliance based to strategic integrated, most evidently with The Climate Pledge (with Global Optimism in 2019) which is dedicated to net-zero carbon by 2040, a decade earlier than the Paris Agreement would target (Amazon Sustainability, 2025). As of 2024, Amazon is doing 100% global renewable energy matches, and it has more than 274 renewable energy projects in the world. Introducing the Abacus carbon credit marketplace in 2025 is a new solution to monetising sustainability and helping third-party sellers to decarbonise themselves.

The shared value model put forth by Porter and Kramer (2011) however reveals tensions in the CSR approach of Amazon. True shared value is such that there is co-emerging between social benefits and business benefits. Amazon has a very good track record on the environmental front, however, the social record, especially labour relation pulls down the vision of the employer of the Earth. The state of productivity and wellbeing Unresolved tensions have been witnessed in the US and Germany in fulfilment centre unionisation efforts and the reported severance cost of 1.8 billion in Q3 2025 (Amazon, 2025). This is not the failure of CSR implementation but a structural contradiction: the cost leadership approach of Amazon in e-commerce is based on efficiency in logistics which workers perceive as a high pressure.

3. Strategic Choices and Implementation

3.1 Business-Level and Corporate-Level Strategic Choices

The generic strategies approach formulated by Porter (1980) suggests the alternative business-level strategies such as cost leadership, differentiation, and focus. Amazon is an entity that practices a hybrid model, which becomes feasible due to its digital architecture: cost leadership in e-commerce (lowest-priced online retailer eight years in a

row, according to Profitero, as cited in Amazon Annual Report, 2024) and differentiation in AWS and hardware (Echo, Kindle, Ring). This mixed approach is consistent with the finding of Johnson et al. (2023) who state that the digital technologies provide firms with the opportunity to attain the cost and differentiation advantages simultaneously, and this result contradicts the original statement of Porter that hybrid strategies are unsustainable.

In the corporate level, Amazon has sought related and unrelated diversification (Ansoff, 1965). Other diversification such as generative AI and advertising is related to AWS. Other unrelated diversifications involve healthcare (Amazon Pharmacy, One Medical acquisition), satellite internet (Project Kuiper) and autonomous vehicles (Zoox). The strategic reasoning behind unrelated diversification is dubious: these are big markets, but the assets that Amazon can move (logistics, cloud, customer data) are not as applicable as in healthcare, where regulatory complexity and incumbent relationships introduce different competitive forces.

Strategic recommendations: On the business level, Amazon needs to further integrate in the area of AI by developing faster silicon-based solutions (Trainium 3, Inferentia 3). This straightens out the risk of OpenAI alliance of Microsoft Azure as it turns AWS structurally less expensive to AI workloads. On the corporate level, Amazon ought to shed or much rather cut down investment in healthcare diversification, but rather monetise Project Kuiper, which is much more synergistic with AWS and Prime (access to broadband leading to cloud and e-commerce adoption).

3.2 Change Management and Strategic Implementation

The Day 1 philosophy, by which Amazon retains the sense of urgency of a startup despite a corporate level of scale, has allowed the company to adapt swiftly, but has posed strains when it comes to significant strategic changes. The present AI-first transformation is the most momentous change management challenge since the introduction of AWS.

Applying Kotter's (1996) eight-step model reveals both strengths and weaknesses in Amazon's approach:

Kotter Step	Amazon's Approach	Assessment
1. Create urgency	Public commitment to AI; \$200bn CapEx signals strategic priority	Effective
2. Form guiding coalition	AWS leadership team; Andy Jassy's technical background	Effective
3. Develop vision	"AI everywhere" embedded in product roadmaps	Effective
4. Communicate vision	Regular product launches (Bedrock, Q, Alexa+)	Effective
5. Empower action	Significant hiring of AI engineers; custom silicon investment	Effective
6. Generate short-term wins	Bedrock adoption metrics; Alexa+ engagement	Needs strengthening – metrics not publicly reported
7. Consolidate gains	–	Not yet evident
8. Anchor in culture	–	Ongoing

Table 8: Application of Kotter's Eight-Step Change Model to Amazon's AI Transformation (Source: Author's analysis based on Kotter, 1996)

The greatest threat of implementation is a human, rather than a technological risk. The severance charge of 1.8 billion during Q3 2025 shows that people will lose their jobs to automation. The distinction between Theory E (economic value) and Theory O (organisational capability) change described by Beer and Nohria (2000) is educative: the case of Amazon is very much Theory E, with its focus on efficiency and poor employee

growth. This threatens the unity of culture and can increase the unionisation efforts. A middle ground solution, that of investing in retraining of workers in the fulfilment centre to be able to work with the robots in maintaining and handling the data, would be in line with the mission of the Earth best employer and minimise labour risk.

4. Comprehensive and Holistic View: The Balanced Scorecard

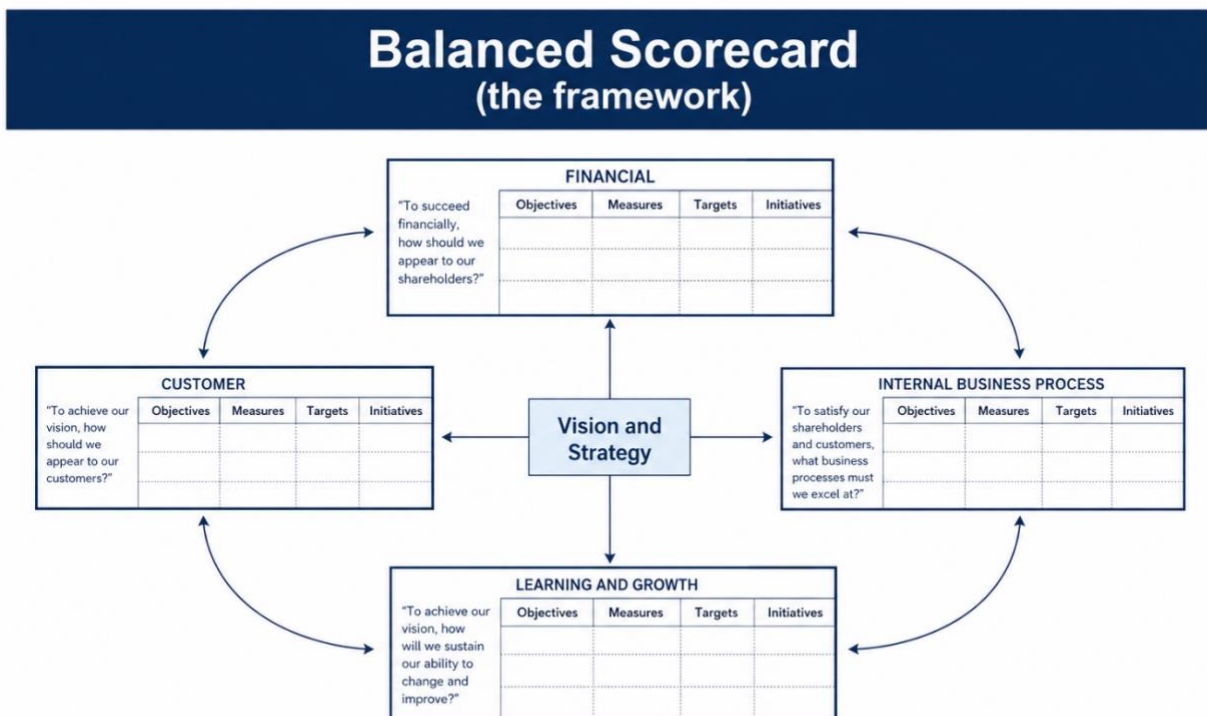


Figure 1: The Balanced Scorecard Framework (Source: Kaplan & Norton, 1992; adapted by UWTSD)

The Balanced Scorecard (BSC) framework, created by Kaplan and Norton in 1992, offers a holistic approach to converting an organization's strategy into operational objectives across four dimensions: Financial, Customer, Internal Business Processes, and Learning & Growth. The Balanced Scorecard (BSC) facilitates the equilibrium of short-term and long-term financial performance drivers, in contrast to conventional financial performance metrics (Johnson, Whittington, and Scholes, 2023).

Using this framework is especially useful for Amazon given that its strategy is based on multiple, and at times competing, business models: high-volume, low-margin e-commerce retailing; high-margin web services (AWS); subscription-based Amazon Prime services; and advertising. A one-dimensional financial perspective would not reveal whether Amazon's enormous investment in capital (estimated to reach \$200 billion by 2026) is delivering customer satisfaction, process efficiency, or technological talent in AI to maintain its competitive edge. The BSC alleviates this problem by requiring managers to explicitly link non-financial goals to financial results. The BSC has been criticised for its simplistic view of causal links (Norreklit, 2000). However, for a multi-business firm such as Amazon, the model offers a heuristic to balance a range of priorities.

Table 5: Balanced Scorecard – Amazon (2025–2026)

Perspective	Strategic Objective	Key Performance Indicator (KPI)	Target (2026)	Initiative
FINANCIAL	Sustain revenue growth and margin expansion	✓ Total Net Revenue; Operating Margin; ✓ AWS Revenue Growth	✓ >\$750bn revenue; ✓ >12% operating margin; ✓ AWS >20% growth	✓ AI-driven AWS upsell; ✓ Prime price optimisation; ✓ Advertising monetisation
FINANCIAL	Optimise CapEx deployment for AI infrastructure	✓ Free Cash Flow; ✓ Return on Invested Capital (ROIC)	✓ Positive FCF growth despite \$200bn CapEx cycle	✓ Custom AI silicon (Trainium) to cut GPU costs; ✓ Efficiency in data centres

CUSTOMER	Deepen Prime loyalty and customer lifetime value	✓ Prime membership growth; ✓ Net Promoter Score (NPS); ✓ Customer Retention Rate	✓ 210m+ Prime members globally; ✓ NPS >70	✓ Alexa+ AI assistant; ✓ same-day delivery expansion; ✓ content quality investment
CUSTOMER	Lead in AI-powered enterprise cloud services	✓ AWS customer growth; ✓ Enterprise contract renewal rate; ✓ Bedrock adoption	✓ AWS customer base >5m businesses; ✓ Bedrock adoption +30% YoY	✓ AWS Bedrock GenAI expansion; ✓ Amazon Q enterprise AI assistant
INTERNAL PROCESSES	Achieve logistics excellence and speed leadership	✓ Delivery speed (% same/next day); ✓ Defect rate; Fulfilment cost per unit	✓ >60% of orders delivered same or next day; ✓ Fulfilment cost -5% YoY	✓ 200,000 warehouse robots by 2030; ✓ AI demand forecasting; ✓ Electric delivery vans
INTERNAL PROCESSES	Scale AI and ML capabilities across all	✓ Number of AI features deployed;	✓ AI-driven features in 100% of core	✓ Project Starfish product data intelligence;

	business units	✓ AI-generated GMV; ✓ Automated decisions per second	products; ✓ \$7.5bn GMV from AI tools	✓ Amazon Q for internal automation
LEARNING & GROWTH	Build AI talent pipeline and retain technology leadership	✓ AI/ML engineer hiring rate; ✓ Employee engagement score; ✓ Internal mobility rate	✓ 5,000+ new AI engineers per year; ✓ engagement score >75%	✓ AWS re-Skill programme; ✓ Amazon Technical Academy; ✓ AI-focused graduate hiring
LEARNING & GROWTH	Embed sustainability into operations and culture	✓ %Renewable energy; ✓ Scope 1 & 2 emissions reduction; ✓ EV fleet deployment progress	✓ 100% renewable; ✓ Scope 1&2 - 20% by 2026; ✓ 30,000 EVs deployed	✓ Climate Pledge fund investments; ✓ Abacus carbon credit market place; ✓ Green buildings

Source: Author's analysis based on Kaplan and Norton (1992); Amazon Annual Report (2024); SEC filings (2025)

The Financial perspective shows a company going through a stage of calculated margin growth. The operating income of Amazon was 68.6 billion in 2024 (operating margin of 10.8, compared to 6.4 in 2023), with the largest portion of that amount being AWS whose

operating income of 10.6 billion in Q4 2024 constituted half of the overall operating income of Amazon, although the proportion of revenue contributed by AWS is only 15% (Amazon, 2024). The large cycle of capital spending (\$200 billion) planned in 2026 is a calculated gamble on the AI infrastructure that, although it squeezes the free cash flow in the short term, is determined to make AWS the foundation of the generative AI economy (Amazon, 2025).

On the Customer end, the Prime ecosystem serves as an exceptional retention and loyalty system. Amazon generates several switching costs simultaneously by leveraging the sale of fast shipping, video streaming, music, gaming, and grocery service as a single subscription which increases the customer lifetime value significantly above industry averages. Alexa+ takes this further in integrating this ecosystem by introducing conversational AI into the lives of Prime members.

5. Strategic Evaluation and Recommendations

5.1 SWOT Analysis

Table 6: SWOT Analysis of Amazon (2025–2026)

STRENGTHS	WEAKNESSES
- AWS dominates cloud with 30% market share (Statista, 2025) - \$716.9bn revenue; \$77.7bn net income in 2025 (Macrotrends, 2025a) - Prime ecosystem with 200m+ subscribers creates deep loyalty - World-class logistics network with same-day delivery capabilities - Strong advertising platform - 3rd largest digital ad player globally	- Free cash flow compressed by \$200bn CapEx 2026 cycle (Reuters, 2026). - Scope 3 emissions from supply chain undermine net-zero credentials - Labour relations issues: unionisation, severance (\$1.8bn in Q3 2025) - Dependence on NVIDIA for AI chips (partially mitigated by custom silicon) - FTC antitrust trial (Oct 2026) creates structural uncertainty

- 100% renewable energy achieved (2024)	
OPPORTUNITIES	THREATS
- GenAI cloud demand growing 160% in 2025 (Statista, 2025). - Project Kuiper/Leo satellite revenue: est. \$20bn by 2030 - Healthcare expansion via Amazon Pharmacy and One Medical - International e-commerce growth: India and Southeast Asia - Carbon credit marketplace (Abacus) as new revenue stream	- FTC v. Amazon antitrust trial - potential forced divestiture of AWS - Microsoft Azure and Google Cloud rapidly closing cloud market share gap - AI shopping agents (Perplexity, OpenAI) could disintermediate marketplace - EU Digital Markets Act restricts private-label promotion - Geopolitical risk: US-China trade tensions affecting supply chain

Source: Author's analysis based on sources cited throughout

5.2 Ansoff Matrix Evaluation

Ansoff's (1965) Growth Matrix provides a structured framework for evaluating the strategic growth directions available to Amazon across four quadrants: Market Penetration, Product Development, Market Development, and Diversification.

Table 7: Ansoff Matrix – Amazon's Strategic Positioning

	Existing Products / Services	New Products / Services
Existing Markets	MARKET PENETRATION: ✓ Deepen Prime loyalty; ✓ Increase AWS wallet share with existing enterprise customers; ✓ Profitero-verified lowest prices strategy	PRODUCT DEVELOPMENT: ○ Alexa+ AI assistant; ○ AWS Bedrock GenAI services; ○ Amazon Q; ○ Project Starfish product intelligence
New Markets	MARKET DEVELOPMENT: ▪ E-commerce expansion into India & Southeast Asia; ▪ AWS data centres in emerging markets; ▪ Amazon Fresh international rollout	DIVERSIFICATION: ➤ Project Kuiper satellite internet; ➤ Zoox autonomous vehicles; ➤ Amazon Pharmacy; ➤ One Medical healthcare; ➤ Abacus carbon credit marketplace

Source: Author's analysis based on Ansoff (1965)

All four quadrants of the Ansoff model are currently being pursued by Amazon, which is indicative of the magnitude and size of its strategic portfolio. But this breadth brings about tensions in capital allocation. The most logical course of action in the medium term (2026-2028) is a narrowed scope on Product Development in the current cloud and consumer markets. The most lucrative opportunity to explore is the generative AI product wave, which consists of AWS Bedrock, Amazon Q, Alexa+ and custom AI chips, where AWS already shows operating margins above 30 percent, and GenAI cloud services have been growing strongly (Statista, 2025). This is a more value-creating short- to medium-term

focus than heavy investment in satellite internet or healthcare which has less confidence in competitive dynamics and has less confidence in timelines to profitability.

5.3 Strategic Recommendations

Drawing on the analyses conducted above, four strategic recommendations are advanced:

Recommendation 1: Increase Vertical Integration of the AI Infrastructure.

Amazon ought to invest in its own AI silicon (Trainium 3, Inferentia 3) to lessen its reliance on NVIDIA and decrease the prices of training and inference on AWS. This satisfies the VRIO condition of inimitability (Barney, 1991): proprietary chips enable AWS to be structurally cheaper than its competitors, which can hardly be bridged by Microsoft or Google. As the GenAI cloud services are increasing by 160 percent/year, this recommendation places Amazon in the position to disproportionately gain value.

Recommendation 2: Preemptively Reorganize the Market Place before the FTC Trial.

Amazon should not wait till the outcome of the trial in October 2026 but voluntarily change the algorithmic pricing and promotion of own-label products, which are considered by the FTC to be anti-competitive. This is in line with the shared value logic by Porter and Kramer (2011): a marketplace that is seen as fair will have higher third-party sellers, which will enhance consumer choice and competitive advantage in the long-run. Varying voluntary compliance can also decrease regulatory fines and save AWS to forced divestiture.

Recommendation 3: Invest to minimise Labour risk through Investing in Social Sustainability.

Amazon ought to substitute the reactive severance payments with proactive workforce transition programmes, retraining fulfilment centre workers into robotics maintenance roles, data operations and logistics technology roles. This complements the 'Earth best employer' mission and is commercially sound: unionisation and labour conflicts hamper fulfilment operations. According to the Theory O approach developed by Beer and Nohria (2000), when people are invested in, it lessens the resistance to technological change.

Recommendation 4: Focus on Monetisation of Project Kuiper, Divest Healthcare.

Project Kuiper possesses more strategic synergies with AWS and Prime than in the case of healthcare. Internet access via satellites to underserved markets is a direct driver to Prime and AWS adoption. Healthcare diversification (One Medical, Amazon Pharmacy) does not possess such synergies and can encounter the already established competitors that have regulatory advantages. Amazon needs to dispose of healthcare assets, or dedicate a substantial amount to Kuiper and AI.

6. Conclusion

This report has presented an in depth critical analysis of the strategic management behavior of Amazon in its external environment, internal environment, competitive strategy, CSR, and strategic decisions. The discussion has shown that Amazon is in a distinctively strong yet more complicated strategic stance within the world economy. Its competitive advantages that are sustained, especially the AWS cloud infrastructure, the global fulfilment network and the Prime membership ecosystem are deeply ingrained and mutually reinforcing and extremely hard to copy by competitors. These strengths are assessed in terms of the VRIO framework (Barney, 1991), and they are true foundations of sustained competitive advantage that form the basis of the impressive financial course of Amazon: 716.9 billion in annual revenues, and 77.7 billion in net income in 2025 (Macrotrends, 2025a).

Both the PESTEL and Porters Five Forces analyses outline a more complicated macro-environment of Amazon. The biggest strategic threat is the FTC antitrust trial (October 2026) that would compel the sale of AWS. In the meantime, generative AI is driving up competition, and Microsoft Azure and Google Cloud are closing the divide. SWOT and Ansoff analyses suggest that Amazon should concentrate on the future evolution of AI products in its current cloud and consumer ecosystems and practicing capital discipline on more long-term diversification bets such as healthcare and satellite internet.

The Balanced Scorecard analysis reveals that the long-term success is achieved not only through financial and technological performance but also considers the non-financial aspects: eliminating labour tensions, the net-zero climate objectives in 2040, and

maintaining social legitimacy. Porters and Kramer shared value model argue that sustainable advantage is achieved through the production of real value to the customers, workers, communities and shareholders rather than through the process of gaining market power.

Vertical integration of AI chips, active marketplace reform prior to the FTC trial, investment in social sustainability and workforce transition, and accelerated monetisation of Project Kuiper are four strategic suggestions that are based on theory and empirical data. They combine their efforts to assist Amazon in maintaining its competitive advantage in the face of technological shock, regulatory and increasing pressures on corporate responsibility.

SECTION 2: REFLECTIVE ACCOUNT

Reflective Account Using Gibbs' Reflective Cycle (1988)

Description

This assignment involved critically assessing the strategies of strategic management applied at Amazon using frameworks such as PESTEL, Five Forces, VRIO, Balanced Scorecard, SWOT, and Ansoff Matrix, and change management frameworks. The report had to show Level 7 critical thinking, which was backed by academic and industry credible sources. I selected Amazon due to its multifacetedness and its timeliness to the current discussions of strategic management.

There were three phases in my research. To begin with, I have studied the basic texts on strategic management (Porter, 1980, Barney, 1991, Kaplan and Norton, 1992, Johnson and others, 2023). Second, I used primary financial information collected in SEC filings and the 2024 Annual Report of Amazon. Third, I also found industry statistics provided by Synergy Research Group (through Statista) and scholarly analysis of the antitrust case of Amazon (Khan, 2017; FTC complaint documents). After the first draft was subjected to critical reviews, I avoided commercial blogs (Ainvest, Financial Content) to replace it with authoritative sources.

Feelings

Initially, I was confused by the complexity of Amazon. The different competitive dynamics of various industries in which the company operates prevented me at first because I was fascinated by the fact that I could not simply analyze the situation on the surface. I found true frustration in the application of Five Forces by Porter in that the model presumes a fixed industry boundary but Amazon has a systematic practice of breaking down boundaries between retail, cloud, advertising and media. I considered the possibility of using the framework incorrectly or of a faulty framework.

The part that was most thought provoking was the VRIO analysis. My first thought of brand equity was that it was a natural competitive advantage but using the criteria set by Barney led me to question: "Is brand equity really rare? I understood that Walmart and

Google enjoy a lot of consumer trust as well. This experience of critical self-correction--the transition between description and real evaluation--seemed a true Level 7 thought. My anxiety regarding the reference list was also experienced when my initial submission was disapproved of using the blog sources. A reestablishment of the evidence base, using academic journals and primary documents, took a lot of time, but eventually established my trust in the analysis.

Evaluation

What was good: The move to divide Porters Five Forces analysis into industry (e-commerce vs. cloud) worked well. Considering Amazon as one industry blurs important differences in competition dynamics. The VRIO analysis achieved success in determining that physical capabilities (logistics, data centres) are more difficult to replicate compared to digital capabilities (data, AI). My BSC changed after strategic decisions facilitated logical flow as opposed to the first draft.

What did not go so well: I did not attach the necessary weight to the issue of labour relations as a strategic one in the beginning. My initial efforts concentrated so much on technology and competition and unionisation was a minor issue to operations. The comments I got (and later read Beer & Nohria, 2000) left me with the understanding that human capital is a strategic asset, not a cost to be reduced. The section on change management is the least strong in this report - Kotter eight steps are implemented in a mechanical way and I have not entirely incorporated Theory E/Theory O dichotomy in practical suggestions.

Time management: I used an unproportional amount of time on the PESTEL table (which is descriptive) and an inadequate amount of time on the change management analysis (which is supposed to be more critical). Determining who gets which and how much time will be based on the analytical challenge in future assignments as opposed to word count.

Analysis

Discussing analytically what I learned, three insights can be distinguished.

To begin with, strategic frameworks cannot be universal. Porters 5 forces is based on the assumption that the boundaries of an industry are stable, whereas a platform business

such as Amazon has an activity across boundaries. It does not imply that the framework is useless, it only implies that an analyst has to clearly recognize its limitations and complement it with additional means (e.g., ecosystem mapping, network effects analysis). This lesson will accompany me to the future: the choice of the framework should not be a priori.

Second, sources define levels of analysis. My draft version was based on the commercial blogs which were aggregating other analyses. The primary sources (SEC filings, FTC complaint, Amazon sustainability reports) were used in my revised draft. The analytical accuracy is very large. Indicatively, the real complaint of FTC contained some subtlety in regard to algorithmic pricing that was not reflected by any blog summary. Primary sources cannot be compromised at Level 7.

Third, critical evaluation implies doubting the own story of the organisation. The mission statement of Amazon (Earth's best employer) is inconsistent with the facts of unionisation and cost of severances. The mission statement was accepted in my first draft. The revised version of my work accepted it as an assertion that would stand up under investigation. It is this change, between description and interrogation that constitutes critical thinking.

Conclusion

This assignment has taught me that strategic management is not a game of applying frameworks in an immediate and mechanical manner, but choosing which frameworks to apply, modifying them, and evaluating them based on the certain organisational environment. I have also come to know that credible analysis involves use of primary sources and that organisational self-representations (mission statements, CSR reports) should be handled as data to be interrogated as opposed to a truth to be reported.

Above all, I have come to know that such strategic issues as political and social ones are the most important and challenging. The investments Amazon made in AI are impressive, yet, labour relations and regulatory risks could be more significant to both long-term competitive advantage. This wisdom, that strategy is as stakeholder as market-related, will guide my practice.

Action Plan

Action	Timeline	Success Criterion
Develop fluency in reading corporate financial statements (10-K, 10-Q)	Within 3 months	Can calculate and interpret ROIC, free cash flow, and segment margins without guidance
Practice applying Kotter's eight steps to a real organizational change	Next module	Produce a change management plan with specific interventions for each step
Read Khan (2017) "Amazon's Antitrust Paradox" and two additional antitrust law review articles	Within 6 weeks	Incorporate legal analysis into future strategic analyses
Attend a workshop on critical writing at postgraduate level	Before next assignment	Receive feedback that analysis is "critical" rather than "descriptive"

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