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CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS ENGAGEMENT AT AMAZON.COM

1. INTRODUCTION

This report evaluates the role of marketing in creating values for customers and the stakeholders engagement in the company Amazon.com.

The strategy and approaches that advertisers employ to make as many sales to customers are referred to those as an advertisement. Market Fundamentals encompasses anything including business analysis towards the creation of landing pages. At first, sight, selling specific services does seem to be a daunting task (Baines *et.al*, 2017). The process of guiding efficient consumer behaviour is referred to as marketing. It encompasses all this range of techniques including approaches used by businesses to put goods and groups of consumers and persuade potential customers to buy.

This study is about evaluating the role of marketing in creating the customer base and stakeholders engagement in the company Amazon. It will start with a brief description of Amazon. It will then look at the extra value that can be added by marketing and branding. It will then perform an Ansoff Matrix analysis on Amazon. Finally, it will look at stakeholder engagement and the impact on marketing activities.

2. AMAZON.COM, INC.'S PROFILE

Amazon.com, Inc. is a global business corporation (Amazon.com, 2021) and was founded in 1994 by Jeffrey Bezos. It operates in the retail industry and the number of the current full-time staff is 1,298,000 (Statista.com, 2020). The company's headquarter is in Seattle, Washington. (Yahoo Finance, 2021.) Amazon.com's core business functions are e-commerce and data storage. Bezos chose the name Amazon as it relates to the Amazon place which is exotic and the biggest river is also called Amazon so he determined that his online bookstore would become the biggest worldwide. Choosing the right name for an online company is very important in order to building a strong brand. In 1994 the US government started to allow private organizations to step into the internet world. Up until that year the Net was mostly commerce-free. Bezos saw this as a good opportunity to set up an online business. He did researches about what customers crave the most and how to and with what to create most values for customers. He came to the conclusion that books would sell well online. (Time, 1999.) Amazon.com allows many entrepreneurs for reaching out to the world's population. The current CEO of the company is Jeff Bezos, who has also topped the list of being the richest person in the world for four years consecutively (Forbes.com, 2021). The annual revenue of Amazon Company is 21.33 billion US dollar (Statista.com, 2020).

3. THE ROLE OF MARKETING IN CREATING VALUES FOR CUSTOMERS FOCUSED ON BRANDING

Marketing is the process by which an organisation promotes the purchases or sales to increase profitability. This is amongst the most important aspects of industry and trade. There are certain roles when it comes to marketing but in the paragraph below (Figure 2. Value creation model of Stakeholders) there is an explanation of how marketing plays a major role in creating value for the customers.

Within the marketing role it is important that companies communicate with shareholders, consumers, advertisers, including the general public and establish a good reputation for the company's brand (Deepak and Jeyakumar, 2019).

3.1. BRANDING

A brand is an intangible, legally protectable, valuable asset. (Smith, PR. and Zook, Z. 2020. Pg 32.) It is a promise for the customers that they will receive value for their money and also represents trust. Consumers quite often choose branded products as they can save time, satisfy aspirations and reduces risks. Amazon brand is very strong amongst its customers and it helps the company to differentiate and gain competitive advantage.

4. ANSOFF MATRIX ANALYSIS AT AMAZON.COM

Ansoff Matrix is a method that companies use to evaluate and prepare potential business plans (Loredana, 2017). The framework includes effective dimensions for assisting a company's growth. There are four segments within this analysis which are market penetration, market development, product development and diversification. Market penetration means that a company wants to increase sales in the existing market with an existing product. The market development applies for a new product to be introduced in an existing market. Product development focuses on new products on new markets and diversification means that the company wants to introduce a new product on a new market.

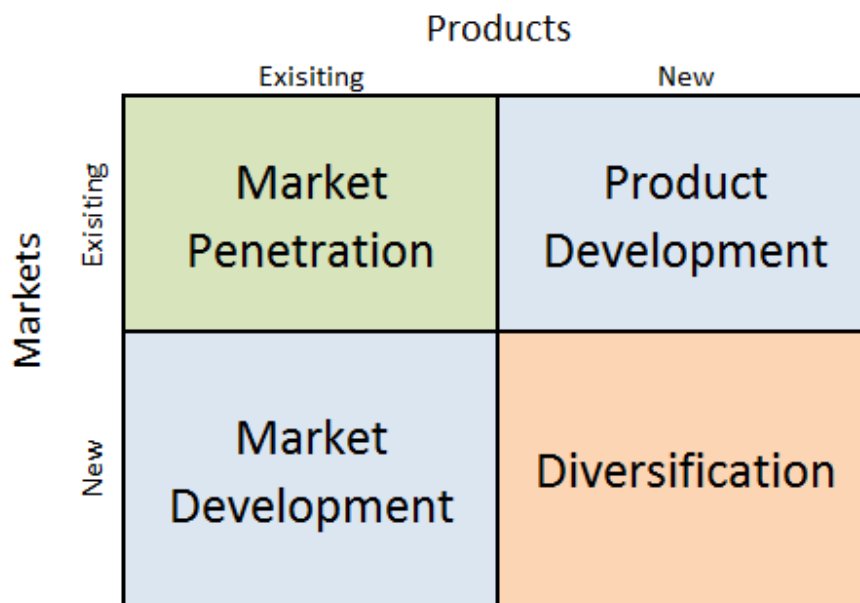


Figure 1. Ansoff Matrix (Loredana, E. M., 2017.)

Market Penetration- Moving leading offerings to current customers is referred to as consumer expansion. Amazon has a high level of employee a robust retail growth policy. Inside the implementation of pricing strategy, personalized guest interface technologies in specific and reviews functionality on the e-website businesses in specific services.

Product development- This entails the implementation of novel goods for established countries. Another of Amazon's primary tactics involves consumer growth. Amazon began in 1997 with Jeff Bezos offering mostly textbooks electronically, but now offers everything that is purchased exclusively. This biggest global online marketplace by sales offers over 500 million items, even those distributed by private entities.

Market expansion- A revenue growth approach aims to identify great possibilities for current goods. Amazon has a methodical approach to business growth. Amazon began in the United States and now operates in 13 other nations excluding the US and, including Sweden, the European Union, Russia, and Asia.

Diversification- Differentiation seems to be the hardest approach since it entails generating goods to distribute to prospective consumers. To some point, Amazon employs consolidation. Amazon also invests in the newspapers, appliances, advertisements, and many other market sectors as either a part of its transformation programme.

The 4A concept is organized into four different locations in which consumers perform throughout the industry: hunters, team management, policyholders, and clients, and has been derived from either a consumer's viewpoint. To be effective, a business model would score well on these 4 A's, using these promotional and advertising tools. The 4A system assists businesses in providing benefits for consumers by recognising which consumers need most, along with exposing (Mathur *et.al*, 2020) emerging needs and expectations. This involves making sure consumers were not simply knowledgeable of something like the commodity, but rather that it is inexpensive, available, and agreeable to everyone.

Acceptability- Amazon brings depth toward its consumers by providing high-quality offerings and handling market solutions as part of technologies. The company website's continuous improvement is its asset, as it helps managers retain its strategic edge and improve organisational success.

Affordability- Amazon adds value towards its consumers by including a wide range of items that could be on its marketplace and guaranteeing consistent merchandise fulfilment, demonstrating a strong degree of loyalty to the market and consumers.

Accessibility- This Company was a foray through a growing online industry, and it had to overcome unknown and unforeseen challenges for resulting to be effective and thrive. As a result, Amazon continued to tweak several tactics to improve its buyers' internet market experiences and provide excellent offerings including total ease.

Awareness- Although Amazon began to operate has its facilities in several regions regularly to secure prompt and reliable distribution to their clients, several of the key business moves should be to gamble on cost-cutting strategy.

Amazon seems to have the option of converting a reduced cost base into greater earnings and returning a portion of that revenue to stockholders of distributions. However, Amazon pushes the savings on to consumers by low pricing and pays back the majority of the company's profits in the expansion (Rangaswamy *et.al*, 2019). As we saw each period, a significant portion of certain selection is a process that goes towards the production and charging channels.

The above, in essence, let them decrease overall production costs inexorably, amplifying the moral election's ensuing components. As a result, the cycle continues. Amazon's key consumer revenue streams are simple words, quick shipping that is frequently the very next day, including complimentary few hours products available, as well as a large range also stated as the "World's largest collection" by the founder of the company.

An emphasis on control mechanisms, as well as imagination and community, all contribute to the creation of the interest. Mentality and tradition were easier to reverse, as well as to imitate. It's much quicker to clone goods and processes than to have to commute someone's thinking and cultures (Amazon.com, 2021). As a result, imagination and community are critical for lengthy sustainability. Throughout using a commodity or indeed the Logistics System, values ranged. The purchasing purpose, the purchasing, the consumer behaviour or order, the implementation or beginning, through use, and indeed selling the items again are all times when interest is considered. Consumer loyalty and retention improve the business insights.

Amazon gives a discount that leads every client to think that the company is receiving additional value than what the company paying again for services the customers receives as compared to competing deals. Dropping the cost, or keep prices the same though adding everything special to differentiate yourself from the competitors. Keeping it possible for people to order and compensate there in a way that he prefers. Providing a comprehensive price argument, maybe not a value is essential.

Amazon is targeting consumer profile, they should consider the shop become the cheaper in a certain market sector and apply the above view to other types of products on online sites shopping platform, this might have a significant relationship with consumer satisfaction, revenue, and profits. Certain consumers, whose expected worth is influenced mostly by

pricing but also through branding and consistency, can still be turned off by the whole placement. Each customer will perceive certain (Amazon.com, 2021) platform's cost of goods as "affordable" but equate it all with a decline of professionalism, and that's how they best procedure. All of this boils down to "Targeting Right audience" including using the knowledge that offers credible information about consumer site operation and purchasing patterns. Any consumer knowledge and communication programme that companies build must-have digital platforms as a key component.

It is not necessarily a scenario that a plan or technique that succeeded inside the context would succeed afterwards. The positive approach of Amazon and, above all, their actions make them superior to the other online platforms. Recognize but react to lifestyle stimuli that influence consumer spending. New years and wedding gatherings, as well as being a first-time homeowner or guardian, are examples of such instances. Amazon investigates everything major stores want is to have benefits to clients and aim to apply several of their strategies on a limited basis. They check, control, make adjustments, and reapply.

5. STAKEHOLDER ENGAGEMENT AND THEIR IMPACT ON THE MARKETING ACTIVITIES

The structure of every organisation comprises several internal and external factors that influence the performance and productivity of that organisation. The factors belong to different departments and hold a significant place in the organisation growth. A group of such internal and external parties thinking and working in the area of organisational development is termed as stakeholders. Stakeholders can be internal and external sources in the form of employees, shareholders, partners, customers and other parties of society related to the organisation (Bertoni *et al.*, 2019). Amazon.com has important stakeholders that help to ensure organisational sustainability.

Value creation (as presented below in Figure 2.) is an important aspect for every business organization. Values can be generated by developing good quality products, ensuring sustainability. Integration of these functions can help the organizations to achieve a reputable image and retain the trust of stakeholders.

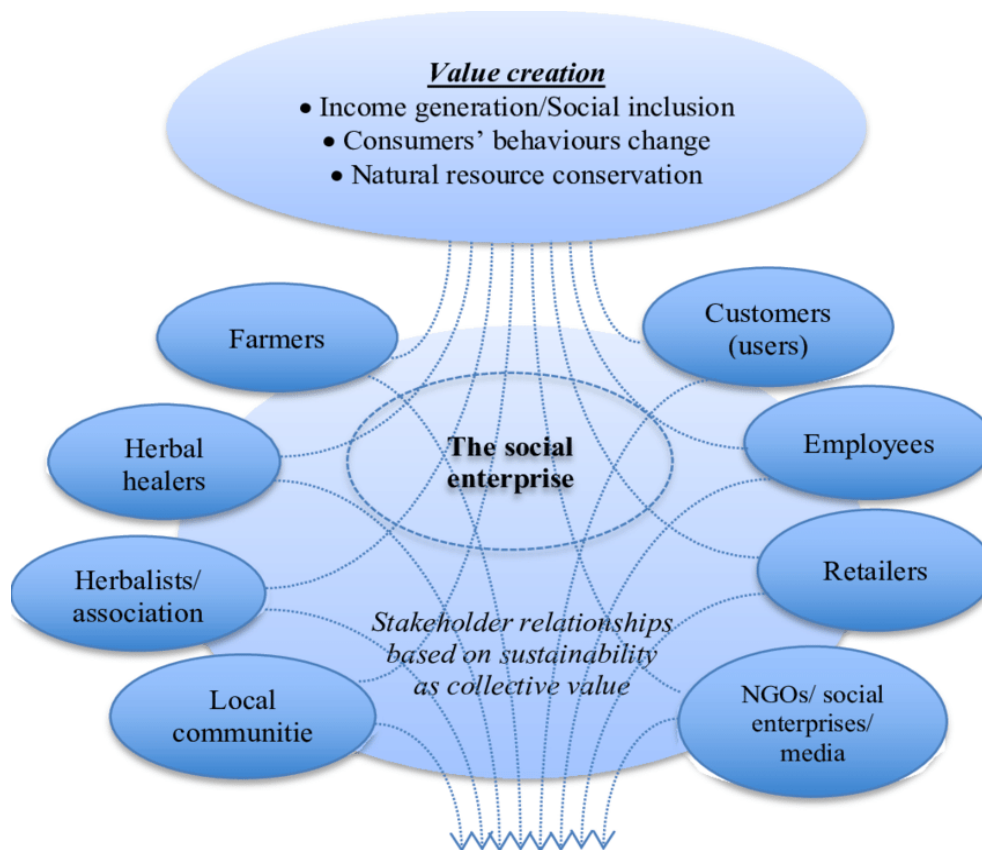


Figure 2. Value creation model of Stakeholders (Researchgate.com)

As per the model of value creation, Amazon.com fulfils the following criterion.

Generating revenue and ensuring that the organisation is performing well could be the most important things for Amazon. Maximising the revenue base would help Amazon in remunerating employees, form effective compensation policies and giving better returns to the shareholders. Advancement in technology is a major pillar of value creation for Amazon. Effective analytics and database management have been some important aspects used by the company to generate optimum sustainable value creation (Kiel et al., 2020). In the year 2020, Amazon generated revenue of 386.6 Billion US Dollars. Out of this revenue, 104.41 US Dollars was the revenue pooled from International channels (Statista.com, 2021).

Annual net revenue of Amazon from 2006 to 2020, by segment (in billion U.S. dollars)

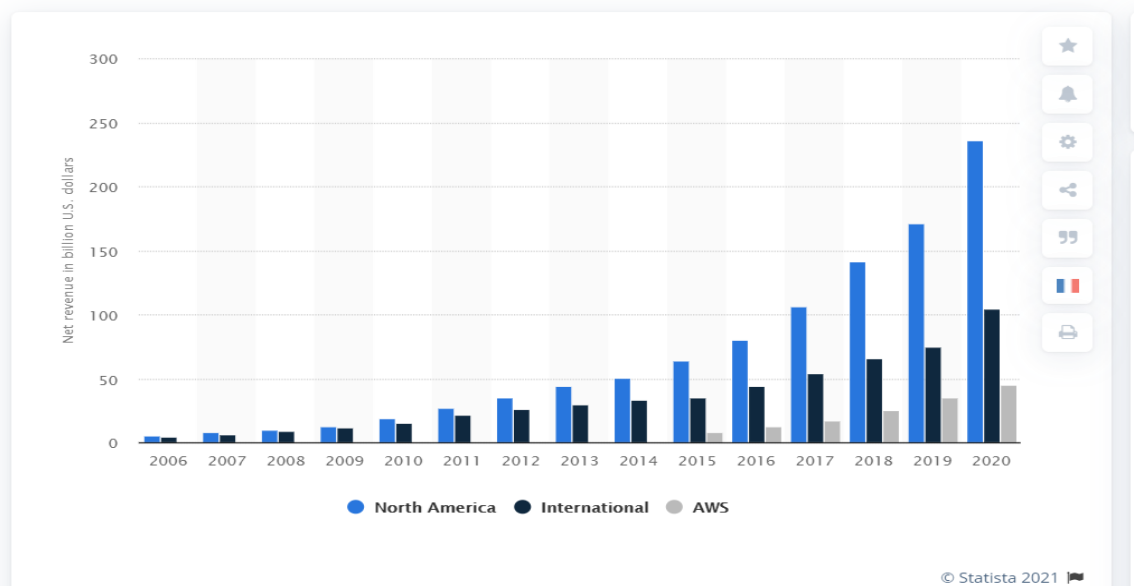


Figure 3. Revenue Generation of Amazon (Statista.com, 2021)

Consumers are the most important segment of the stakeholder analysis. Understanding evolving demands of the consumers could be an effective measure in keeping them satisfied and retaining their loyalty to the brand. Thorough knowledge of consumer behaviour would enable Amazon in detecting their demands and psychological triggers that motivate them to buy the products (Paco *et al.*, 2019). For instance, Amazon has put forth a firm foundation in the area of customer management by enhancing its approach to the target audience. Presently, the customer base of Amazon is not just bound to shoppers, but it also includes various entrepreneurs of small start-ups, authors and those who have availed Amazon web services (Aboutamazon.com, 2021). The present demand of customers is moving towards the advancement in technology and availing the benefits from this. Amazon detected this customer demand and developed Amazon web-based services which are linking thousands of start-ups with Amazon and millions of customers with the newly established business unit. As per the American Customer Satisfaction Index, in the year 2020, Amazon score 79 out of 100 when it came to customer satisfaction (Statista.com, 2021).

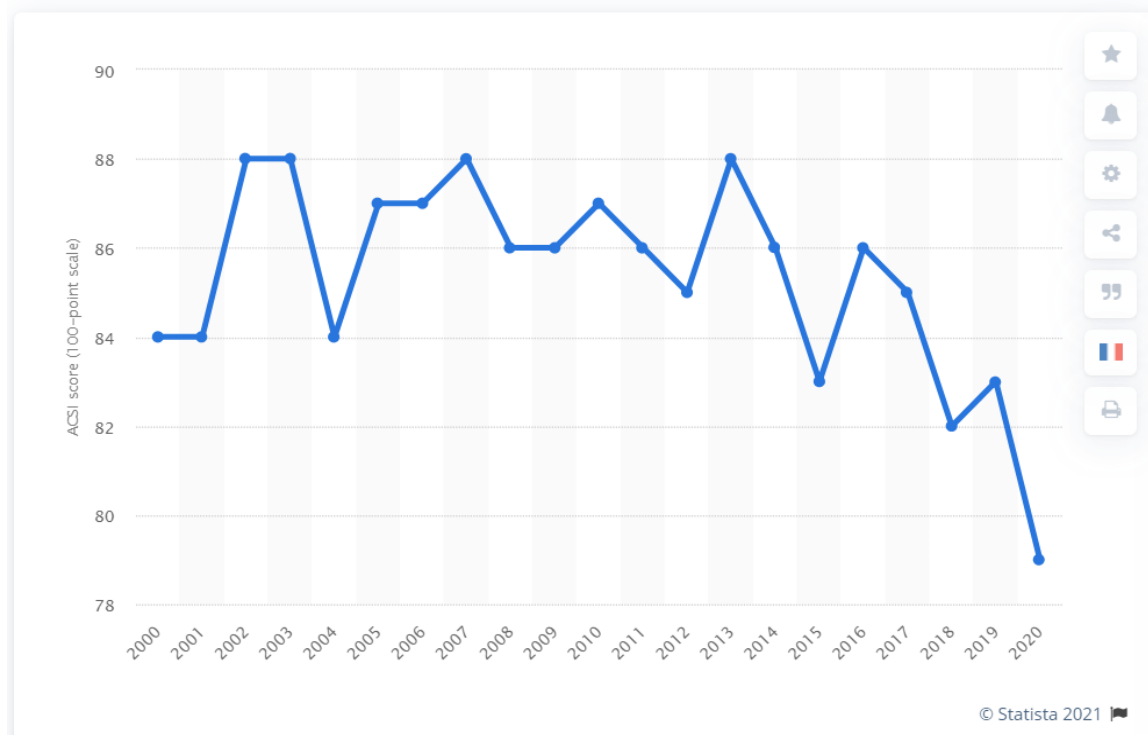


Figure 4. Customer satisfaction index of Amazon (Statista.com, 2021).

Amazon works on the fundamentals of retaining maximum satisfaction. The leaders and employees at Amazon work whole-heartedly towards developing products that are highly qualitative and deliver great performance to pool maximum customer satisfaction (Reisch and Zhao, 2017). However, the downfall in the graph of customer satisfaction suggests that Amazon need to cope with its policies to retain the top position. Although, Amazon has established secure data privacy services for the consumers who prefer online platform for shopping.

Employees are the most important part of any organisation. They help the organisations to evolve, grow and reach the heights of success. Employee satisfaction, motivation, performance and productivity are few factors that would help Amazon in expanding its revenue base and pool more customers by ensuring the best service to them. Amazon works on strong ethical approaches regarding employee management. This conglomerate retail brand emphasises the policy of diversity, inclusion and welcoming the employees who are creative and work enthusiastic (Unsal and Broddman, 2020). The organization strictly prohibits any type of discrimination with employees. The ethical framework of Amazon has made it clear that any kind of violence or partiality based on caste, creed, gender, cultural scenario, social belonging would not be tolerated. Besides this, Amazon encourages an equal pay system by offering 99.5 to 101.5 cents to women, which is comparatively similar payment to that of male employees. Amazon strictly follows the regulation of Human Rights and ensures that all types of people feel protected and safe in the organisation (About Amazon.com, 2021).

The year 2020, estimated that Amazon has employed approximately 1,298,000 employees in full time and part-time roles. Whereas, the total number of employees working in Amazon in

2019, was near about 798,000. At the time of holidays and peak season in 2019, Amazon hired 2,00,000 people (Statista.com, 2021).

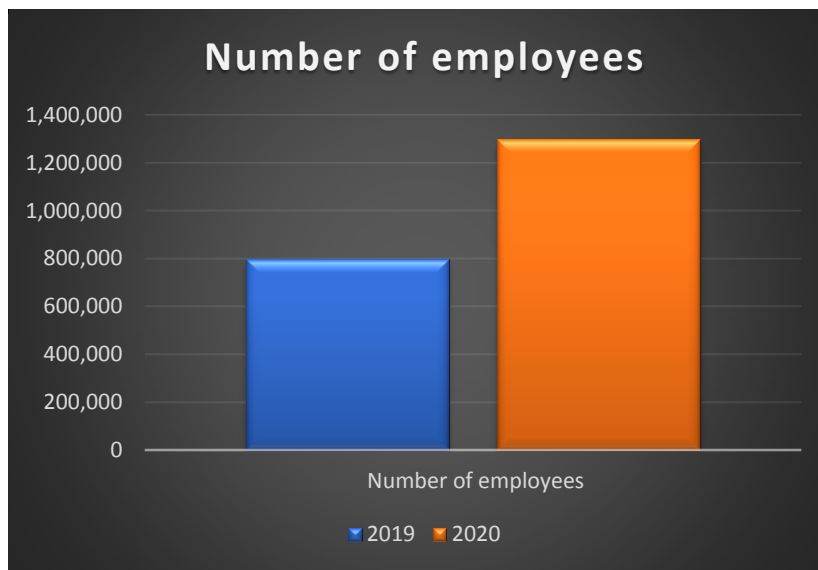


Figure 5. Number of Employees at Amazon (Self-developed)

Corporate Social Responsibility and other social groups are also crucial stakeholders for the organisations. This group of **stakeholders** encourage the organisations to come forward contribute a chunk of their profits, efforts and resources to the betterment of society. Consumer awareness, advancement in technology and the hype of social media have made it even more essential for organisations to develop an effective CSR framework. Likewise, Amazon has some very influential strategies in the area of CSR.

Amazon has pledged to reduce carbon emission to almost zero percentage by 2040. Apart from this, Amazon has developed strategies to meet the aim of ensuring operations that would run on 100% renewable resource, by 2025 (aboutamazon.in) .

This multi-purpose e-retailing organisation has the objective of creating an environment that would be safe for its stakeholders. The organisation reduced the water usage at its data warehouses and incorporates sustainable fuel to run its aviation motors.

Amazon pays attention to its packaging process. The brand assures that it uses completely safe ingredients in the procedure of packaging. Besides this, Amazon compiles creativity, innovation, safety and qualitative guidelines to bring attractive and sustainable packaging on floors.

Amazon has planned to buy 100,000 vehicles which would run on electricity consumption, this would lead to saving fuel and energy. Apart from this, Amazon has investment plans that extend to 100 million, in the area of deforestation (aboutamazon.in, 2021).

Amazon has effective sustainability ideas to ensure maximum protection of the environment and cope with the problem of weather fluctuations and global warming.



Figure 6. Amazon and Sustainability (Aboutamazon.in, 2021)

As per the fundamentals of Business management and marketing, **supply chain management** holds an important role in passing on the qualitative raw material to multinational brands. The absence of supply chain management would rupture the process of production, warehousing, logistics, transporting and communication. Amazon ensures that its managers and leaders provide necessary guidance regarding quality check and sustainability to the parties of the supply chain management. Amazon assures that it connects the stakeholders and other parties based on knowledge creation, exchange of ideas and innovation.

Every organisation prevails in society and possess some responsibilities in the area of social development. Stakeholders are a vital part of society and social communities and they provide essential support to the organisation. Responsibilities towards the stakeholders of the community can be fulfilled by paying attention to economic growth, job creations, better standard of living and bringing innovation in the techniques and functions. Similarly, Amazon has fulfilled its duties towards the social communities in the following ways (Aboutamazon.in, 2021).

Amazon has invested \$350 US Dollars in the area of job creation and providing better infrastructure and compensation to its employees. This organisation has created various training centres and skill development units for aspirants and candidates belonging to different fields and educational background. Amazon has created millions of jobs across the globe and has to boost the economy and job creation opportunities. This organisation not only deals with customers has developed a great trading relationship with the retailers of various countries. Providing an electronic base to the start-ups has helped Amazon in developing a lot of job profiles in such business units.

Compilation of various factors, strategies and plans in direction of ensuring maximum support to various stakeholders would have been an effective tool for Amazon. Considering the rights and authority of various stakeholders and giving them fruitful returns in some or other way helps the organisations in developing an influential image in the society. Better

ideas of development and giving importance to the various stakeholders also help the brands like Amazon to widen their reach and maximise their market share.

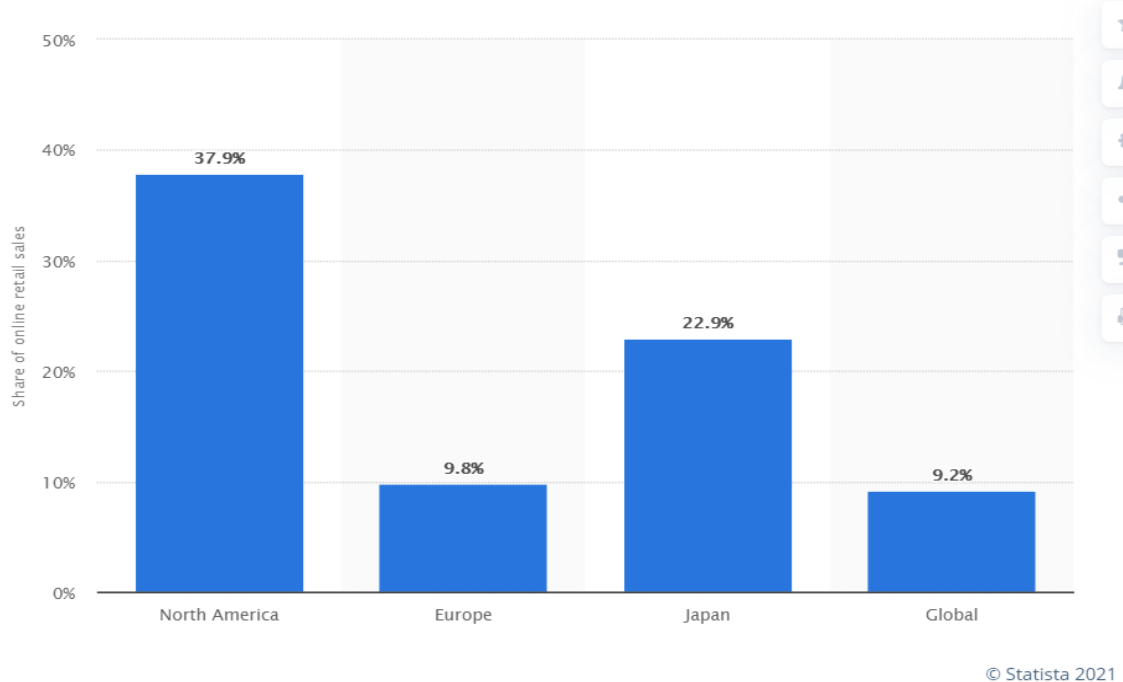


Figure 7. Amazon Market Share Statista.com, 2021)

6. CONCLUSION

Marketing is an important function for any organisation. It helps the organisations to develop effective strategies and enhance the sales base of the organisations. This assignment has been based upon the topic of marketing fundamentals. The report relates to Amazon.com and within the organization the importance of customers and stakeholders. Furthermore, this assignment discussed an Ansoff matrix strategy reflected to Amazon.com which focuses product or market development and diversification. The assignment suggests the crucial role of stakeholders for Amazon.com and stating its market share. The report found that Amazon has a very strong brand which can help them sustain a competitive advantage and differentiate from competitors.

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